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Tuesday May 8 1996
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Thirty years of war in Hampstead

A living hell

G2 with European weather

Christopher Hampton's guide to Cannes

On the waterfront

G2 pages 8/9

Society

Private schemes, public agony

G2 page 7

Tories and Labour define loose compact between people and government

The end of the welfare state

David Brindle, Social Security Correspondent

BRITAIN'S two main political parties yesterday declared an end to the welfare state as it has been known for 50 years, forecasting a new and looser compact between the individual and an enabling government.

As the Conservatives published plans for people to use private insurance and pensions to pay for care in old age, Labour set out the first details of a new welfare state in which private insurance would play a growing role.

Chris Smith, Labour's shadow social security secretary, said: "Surely it is time to get away from the sterile battle lines of public and private and, instead, to look at how the two can best work together in the interests of the citizen — and in the interests of all citizens at that."

Contemptuously dismissing "the old statist left", Mr Smith said: "The principle must surely be that the state acts as the guarantor of all provision, the regulator of all provision — and the administrator of some."

The coincidence of the Labour and Tory pronouncements marks a decisive and irreversible shift in the role of the welfare state.

After years of debate across the political spectrum about its suitability and affordability in 21st-century Britain, yesterday's moves represent a bipartisan rejection of the comprehensive, state-run social insurance model of William Beveridge, the welfare state's founding father.

Introducing the Government's long-term care proposals, Stephen Dorrell, the Health Secretary, said the "principal responsibility" must rest with the individual for ensuring that he or she enjoys a comfortable and fulfilling retirement.

Setting out the founding principles of Labour's social justice programme, Mr Smith said he wanted a welfare system which provided real protection, helped the poor return to work and secured people's retirement. The Government's role should be to guarantee as much.

"How... it is to be delivered is a matter for sensible judgement and practical analysis. It is not simply a matter of how much money is spent, or how much is administered by a particular form of bureaucracy," he said.

Mr Smith was at pains to stress he was not departing from the underlying principles of Beveridge. But the welfare state had to change to take account of modern family structures, job flexibility and insecurity, and the rise of the working woman. "The reality is very clear. In looking at our welfare state, and how it should take account of modern times, we know that it has to adapt."

A prominent member of the "new Labour" group around Tony Blair, Mr Smith is likely to have fuelled Labour left-wingers' fears that traditional principles are being abandoned. He has further heightened anxiety by calling for a new definition of poverty.

While promising that Labour would write poverty back into the political script, saying he "grieved" at how the Government had written it out, Mr Smith described as too simplistic some of the income-based measures welfare groups use to count the poor.

"If you are highly skilled, earning a reasonable wage, and have a modicum of savings, when you are thrown out of work you may become technically poor — your standard of living is certainly substantially diminished — but you may well have a reasonable chance of re-establishing yourself out of poverty in a short period of time."

Committing a Labour government to seek a consensus for better defining poverty, Mr Smith said: "It isn't simply the figures on your income that count; it is all the other denials of life chances that come in train. Our national assessment of what poverty means needs to take that into account."

Before outlining his proposals, in a lecture sponsored by the Institute for Public Policy Research, Mr Smith asked the media to desist from the "moody inaccurate" reporting of a shadow cabinet split over the idea of scrapping child benefit for the over-16s. Insisting no decision had been made, he said: "I look forward to fruitful and constructive discussions with my colleagues on the issue in the coming weeks."

Ministers sought to keep the spotlight on child benefit. Peter Lilley, the Social Security Secretary, claimed Labour was in disarray. He said: "Labour's child benefit fiasco shows that it is making wrong choices, not hard choices, on welfare."

Liz Lynne, who speaks on social security for the Liberal Democrats, criticised the lack of detail in Mr Smith's lecture. "For months we have told that since May, the full range of Labour's social security policies would be revealed."

"Yet today we are informed that there are still weeks more of waiting. Once again, internal disputes within the Labour Party are postponing any significant policy announcements."

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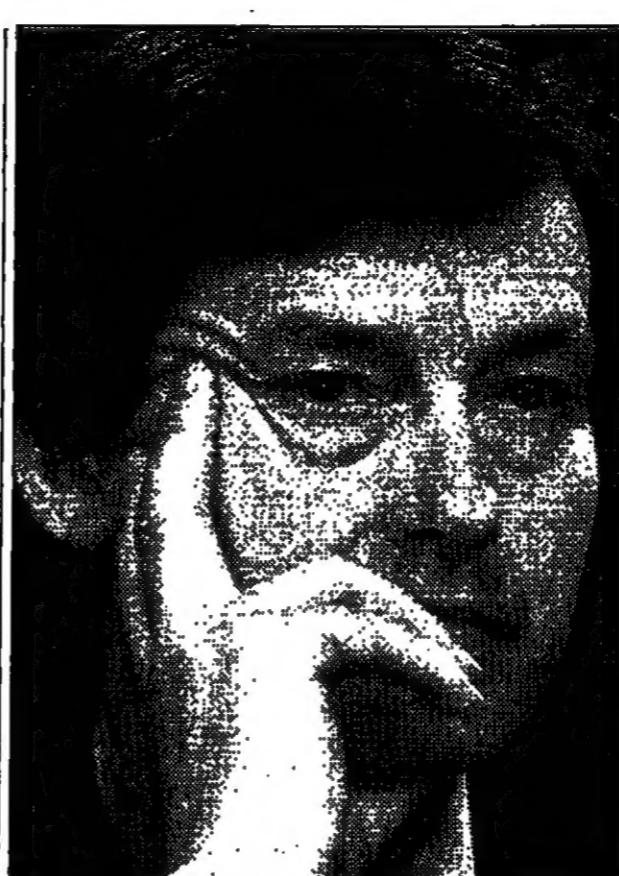
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William Beveridge: "The main feature of the Plan for Social Security is a scheme of social insurance against interruption and destruction of earning power and for special expenditure arising at marriage, birth and death"



Stephen Dorrell: "The Government believes that it is important to provide a framework of support to allow individual citizens to plan their affairs against a more stable background"



Chris Smith: "The welfare state is after all a framework which the Government sets in order to enable citizens to achieve security; it is not a particular mechanism per se for delivering that security"

Dorrell plans personal insurance route for elderly care

Richard Thomas, Economics Correspondent

THE Government warned yesterday that the state would provide only a "safety net" for elderly care, leaving the bulk of the population to shoulder the cost of their care after retirement.

Outlining proposals to encourage people to buy insurance policies for old-age nursing care and social support, Stephen Dorrell, the Health Secretary, said the ageing population meant more care than ever before required and that costs would escalate.

"The Government believes that the principal responsibility for making that provision rests with the individual," Mr Dorrell said in a Commons statement on a consultation document published yesterday. "We shall continue



to provide a safety net. His proposals would allow payments from an insurance policy to be offset against any future means test by the state. At present anybody with

assets over £16,000 is obliged to pay for their care. Under the new scheme, which may become law this year, this threshold would increase in line with the size of an insurance policy.

In a clear nod to his party's rightwing, Mr Dorrell said the changes would build on previous measures to encourage people to opt out of state pension schemes and would "reward the thrifty for their responsibility".

Mr Dorrell added that by reducing the need for retired people to sell their home to pay for care, the proposals would allow them to pass it on to their children.

But Labour seized on Mr Dorrell's comments as a betrayal of the basic principles of the welfare state. Harriet Harman, shadow health secretary, said: "People were told that they would be looked

after from the cradle to the grave. They have left it a bit late to tell people to provide for themselves."

Archie Kirkwood, the Liberal Democrat spokesman on community care, said: "The scheme is a gimmick to provide an illusion of interest and action for the Conservatives between now and the election. It does not begin to address the scale of the longer term problem."

Lobby groups said the cost of insurance premiums — which could be as much as £10,000 for a lump sum payment — made them prohibitively expensive.

But the insurance industry gave a warm welcome to the proposals, which it said would boost the nascent market in care insurance.

MPs expressed some concern that insurance firms' profits would be put before

proper regulation of the market, pointing to widespread mis-selling of pension schemes. These fears were fuelled by Mr Dorrell's view

that care insurance schemes should not be covered by the Financial Services Act, which protects customers against inappropriate sales.

High-earning MPs refuse to disclose interests

David Hencke, Westminster Correspondent

A DOZEN former ministers — from David Mellor to Douglas Hurd — have decided not to declare income from lucrative directorships in the first register of members' interests which requires MPs to disclose outside earnings.

Roy Hattersley, the former Labour deputy leader, emerges as the top earner — receiving £104,300 from two contracts with the Mail on Sunday and the Guardian — in a guide to MPs' outside earnings. Other top earners include Patrick Nicholson, Con-

servative MP for Teignbridge, who receives nearly £80,000 from his declared directorships, and Sir Dudley Smith, Conservative MP for Warwick and Leamington, who earns £45,000.

But some 40 Conservative MPs and a handful of Labour MPs have not declared their earnings.

David Mellor, reputed to earn £350,000 a year from 10 directorships including British Aerospace, Racal, Vosper Thornycroft and Ernst and Young, declares £5,000 a year from the London Weekend Television's political programme, Cross Talk.

Douglas Hurd, the former foreign secretary, reputed to

earn £250,000 a year from Natwest Markets and a directorship with Natwest Bank, declares no income.

Other ex-ministers not declaring income include Tristan Garel-Jones, an adviser to British Gas, BP, Bwator and the Union Bank of Switzerland; Norman Lamont, with seven directorships; Richard Needham, with four directorships including GEC and Glencraig; Nicholas Scott; Tim Sainsbury and Kenneth Baker; John Butcher, David Howell and Sir Norman Fowler. Sir Edward Heath, the former prime minister, and a strong opponent of the new rules and register, also makes no declaration.

Mr Mellor justifies his decision in his entry. "It is not now, and never has been a contractual duty, implied or otherwise, that my services are provided in my capacity as an MP. The existence of these contracts is not dependent in any way upon my being an MP, nor does the duration of these contracts bear any relationship to any parliamentary timetable."

Among those declaring their income, money from journalism dominates. As well as Roy Hattersley's £104,300 — £75,900 of it from the Mail on Sunday — Gordon Brown, the shadow chancellor, receives £30 per column from the Scottish Daily Re-

cord, bringing in up to £15,000 a year. His contributions are ghostwritten by his spin doctor, Charlie Whelan. Helen Liddell, Labour MP for Monklands East, earns a similar sum from the Glasgow Evening Times. Paul Flynn, Labour MP for Newport West, earns up to £5,000 a year from the South West Echo.

Journalism aside, the going rate appears to be between £15,000 and £25,000 for a banking consultancy and up to £10,000 for other parliamentary work. Jack Cunningham, Labour's national heritage spokesman, earns up to £30,000 from his three consultancies, including Albright and Wilson, Hays Chemicals

and Centurion Press.

Among the lighter items declared are the gift of a Fender Stratocaster guitar to Tony Blair; a safety helmet and safety clothing to John Prescott from the RAC; two bouquets of flowers to Anne Campbell, Labour MP for Cambridge; 12 jars of honey from the London Beekeepers' Association to Tony Banks, MP for Newham North West; and a declaration from Peter Bottomley, Tory MP for Eatham, that he gets invited to many cultural events only as the spouse of Virginia Bottomley, the heritage secretary.

Leader comment, page 8

Inside
Britain was working to reach a face-saving compromise over Russia's claim that it had uncovered an M16 spy ring
2

World News
The European Union warned that it is heading for a serious diplomatic and trade confrontation with the US.
6

Finance
A £1.73 billion takeover from two United States utilities was agreed by Midlands Electricity.
11

Sport
Richmond have become the first rugby union club in England to enter the rugby league transfer market.
16

Comment and Letters 8
Obituaries 10
G2
Crossword 15; Weather 16
Radio 16; TV 16

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Sketch

Deaf duel on the Commons floor



Simon Hoggart

HE'S still here! Nothing will budge when Major... Poll defeats, European defeats, Commons defeats... nothing has any effect.

slopping round the House like seawater in The Poseidon Adventure... Mr Major changed the subject to child benefit, and Labour's confusion on the topic.

First night

BBC treatment for King and Cromwell

Robert Dawson Scott

It's a funny old festival. Glasgow's Mayfest, never quite able to decide whether it's a big international event or simply a publicity umbrella for local initiatives.

edly independent BBC. Today in Parliament features John Pym and the Act of Remembrance. Cromwell and the King are given the Kirsty Wark treatment.



Bosnian Serb Dusan 'Dusko' Tadic is helped to his seat by a security guard at his trial in the Hague yesterday where he is accused of killing, raping and torturing Muslims and Croats

"Tadic stood where no man has since Goering and Hess"

Ed Vulliamy at the first Bosnian war-crimes trial in the Hague

THE Bosnian Serb Dusko Tadic yesterday stood where no man has since Hermann Goering and Rudolf Hess at Nuremberg.

Otherwise evil has no bounds. At the core of the case is the Omarska concentration camp for Muslim and Croat prisoners, uncovered by the Guardian and ITN in August 1992.

took aside men and shot them. Mr Niemann said there had been a pile of 20 corpses beside the road: all innocent civilians. The prosecution claimed that, although he was neither a camp guard nor a commander, Mr Tadic enjoyed a special status which gave him a free run of camps, along with others who were "sadistically predisposed towards violence".

Britain tries to save face in spy row with Russia

David Hearst and James Meek in Moscow and Richard Norton-Taylor... BRITAIN was trying to reach a face-saving compromise last night over Russia's claim that it had uncovered an MI6 spy ring.

discussed its concerns with us - that is important. An FO spokesman said later that a report of Sir Andrew's meeting with Mr Primakov had been received in London.

embassy staff called for concrete decisions. His vagueness led to speculation that his minister, Mr Primakov, might be seeking to limit the damage caused by such a large number of expulsions.

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Boy's k... played... deprav... sex fa...

Juventu... upventu...

summit, Mr Clinton said that he was prepared to back Russia's claim for a revision of the forces it could hold on its western and southern banks.

Training apostles, page 7; Leader comment, page 8; Spies' message, page 9

Handwritten Arabic text: دوسكو تاديك



Daniel's mother, Maureen, leaving the Old Bailey yesterday

Boy's killer 'played out depraved sex fantasy'

Owen Bowcott hears how two paedophiles snatched nine-year-old Daniel Handley from the street as he played on his bike

TWO former prisoners who shared paedophile fantasies about abducting, sexually debauching and murdering children, snatched nine-year-old Daniel Handley from an east London street, the Old Bailey heard yesterday.

Timothy Moss, aged 33, a florist from Leyton, east London, and Brett Tyler, aged 30, unemployed and of no fixed address, tricked the boy into their car and drove him to a mini-cab office in Camberwell, south London, where they bugged him, said John Bevan, prosecuting.

Daniel's body was discovered six months later, said Mr

Bevan, after forces had unearthed his bones. Moss, who changed his plea half an hour before yesterday's hearing, admitted charges of abduction, buggery and murder. Tyler, who had admitted taking part in the killing in a police interview, yesterday pleaded guilty to abducting and bugging Daniel, but denied murder.

At the start of the trial, Mr Bevan warned the jury of eight men and four women that the evidence was deeply disturbing. "What you will hear is about as depressing an example of the dark side of human nature, of man's inhumanity to man and downright wickedness, as you could imagine," he said.

"If that sounds like acts of callous inhumanity and depravation beyond belief, unfortunately that is what this case is about... the deliberate abduction, abuse and murder of an innocent nine-year-old, purely for the purpose of fulfilling their lust."

Solely at issue, the court was told, was the question of whether Moss alone, or both men together, carried out the murder. Was Tyler a participant with Moss in the killing



Daniel Handley, whose body was found near Bristol six months after his abduction by paedophiles in east London

or could he claim to be merely a spectator at Daniel's death?

Even though Tyler retracted his confession and gave another account a month afterwards, that second statement showed it was sufficient to convict him of murder, said Mr Bevan.

The idea of snatching a boy off the street had developed when Tyler and Moss met while serving sentences in Wormwood Scrubs prison in the 1980s where they became lovers and began discussing their sexual fantasies.

In his first interview, Tyler told police how he and Moss had gone out for a drive around Beckton, east London, because it was a quiet afternoon. "We were just looking at the boys, the usual bobby," he said.

"We saw a boy riding a bike. He took a side street so we turned round and went back. We pulled over, put a map in the back of the car, asked him to show us where we were and pushed him in." Their victim was Daniel Handley.

From a deprived background, Daniel used to pick up extra pocket money by collecting trolleys from the local Asda supermarket. His mother, Maxine, had five children, though not all of them lived at home.

Daniel, who rode a BMX bicycle, was allowed out on his own as long as he was home by 6pm. On the evening in question he was late. He was also blond. "If he had not been, presumably he would still be alive today," Mr Bevan remarked.

After the killing, Moss and Tyler fled to the Philippines. There they fell out and came to blows, with Moss returning first to Britain.

Tyler stayed on in a remote house, along with male friends, near Manila. "Child sex was available there regularly," the court heard.

Eventually he was detained by the Philippines authorities and visiting Metropolitan Police detectives before being expelled and returned to Britain. The case continues.

PM calls for European BSE summit

Stephen Bates in Brussels

THE Government's ferment over the beef crisis intensified yesterday as it emerged that John Major has intervened with Jacques Santer, the president of the European Commission, and the Italian presidency of the European Union suggesting that an emergency summit of heads of government may be needed to hammer out a solution to the export ban.

The move — which would rapidly raise the tension between Britain and fellow EU states and expose the Prime Minister to international humiliation if it failed — was being put forward as one of a range of options by Downing Street last night. An emergency summit could follow if agriculture ministers and the EU's veterinary experts fail to reach a solution involving at least a partial lifting of the ban at meetings scheduled over the next fortnight.

A government spokesman said: "The Prime Minister has written to President Santer. If the normal meetings do not get us anywhere we have to look at other ways of resolving the crisis urgently."

The letter expressed Mr Major's agitation over the delay in reaching a solution and his concern for rapid movement towards lifting the ban on British beef exports following the BSE scare.

The EU's veterinary experts will meet in Brussels today, but will not discuss the beef crisis or lifting the worldwide export ban on by-products such as gelatine, tallow or semen, as British ministers had hoped.

Franz Fischler, the Austrian agriculture commissioner, who had implied on Monday that he might recommend lifting the by-products ban when the commission also meets this morning, was thought last night to be unlikely to do so. Commission officials said he would only recommend that the ban might be reconsidered if it was thought likely that a majority of other member states would agree — an unlikely prospect for several weeks.

A commission spokesman said: "The Prime Minister in his letter mentions the possibility of calling a special European council. We are fully aware of his concern. We are also concerned about the situation and are doing our best to create the conditions for a rapid solution." Meanwhile, in London, one of Britain's leading industrialists blamed Britain — and by implication the Government — for the beef crisis rather than the EU, where most Tories and commentators have sought to place the blame. Sir Michael Perry, chairman of Unilever, which owns the beefburger company Birds Eye Walls, said: "There is a tendency in some quarters to portray the source of the troubles in the BSE fiasco as lying abroad, particularly in the hands of our European partners. This is not where they lie. They lie at home and it is here, in the UK, where the solutions must be sought." He told Unilever's annual meeting: "The sound and fury that has accompanied the handling of the BSE crisis must not be allowed to spill over into wider European relations and get in the way of our positive commitment to the single market." Officials in Brussels last night found it difficult to see where an emergency heads of government meeting could be slotted in to the crowded schedule of regular meetings arranged for the next few weeks. Foreign ministers meet next week and agriculture ministers the week after and the six monthly summit of heads of government is due in Florence in just over six weeks' time.

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There has been no sign that any other member states favour softening the ban until there is clear evidence that BSE has been eradicated from British herds. The Spanish have demanded all English cows be destroyed and the Irish have said the ban would last for months.

Douglas Hoeg, the Agriculture Secretary, has spent the last two days fruitlessly trying to convince his fellow ministers at a meeting in Otranto, southern Italy, that at least there should be the prospect of a partial lifting of the ban sometime soon.

Any emergency meeting would have to be called by the Italian government, which holds the presidency of the Council of Ministers, but the newly elected government of Romano Prodi, which takes power in Rome next week, is unlikely to rush organising an additional summit so soon.

Juventus weigh up venue change

John Hooper in Rome

A MEETING to be held in Turin tomorrow is expected to decide whether Juventus will become the first large European soccer club to abandon its city of origin and migrate, American-style, to another part of Italy.

Following the breakdown of talks on Monday between the club, the local council and the owners of the city's Delle Alpi stadium, Turin's mayor, Valentino Castellani, said: "There is a definite possibility that Juventus will not be playing at the Delle Alpi next year."

Mr Castellani added that the club was considering a move to Bologna, more than 200 miles away.

A statement from Juventus last night said: "We confirm that we shall be taking an official position after Thursday's meeting." At the centre of the affair is the Delle Alpi ground itself, used by both Juventus and Torino, who are due to be relegated. Built for the 1990 World Cup with the help of a £13.5 million government subsidy, it has become a monument to the profligacy of politicians.

According to the firm which built it, the stadium cost £90 million — more than three times what was budgeted. The builders went bankrupt and their obligations were assumed by their bankers at the Istituto San Paolo, which has until 2020 to recover what it can. But maintenance costs are running at between £4 million and £5.4 million

a year. And last year, Juventus and Torino paid rent of £585,000 and £270,000 respectively.

Mr Castellani said he understood it would cost Juventus just £225,000 to play in Bologna. If the club were to leave, "the only solution would be to tear the stadium down. It is a disaster — a metaphor for the madness of the 1980s."

Torino are reported to have been investigating the possibility of playing in Novara, about 50 miles away but, unlike Bologna, still within Piedmont.

American football and baseball teams often move grounds. But in Europe, all but a handful of minor sides have stayed in the towns and cities where they were formed, and where they are seen — particularly in Italy — as expressions of local pride.

Expatriate Britons, Juventus is owned by the Agnelli family, which also owns the car giant, Fiat. Mr Castellani yesterday appealed to the Torino and Istituto San Paolo "to collaborate in finding a solution".

For the councillor responsible for sport in the regional government of Piedmont, Antonello Angeletti, the two clubs' reports were "proof that these days sport is merely a question of economics". But Bologna's mayor, Walter Vitall, said: "I sincerely hope the problem can be resolved and that Juventus will play the [next] championship at the Delle Alpi in Turin. Otherwise, it would be traumatic — something which has never before happened in Italy."

Sky's the limit as TV goes digital

Roger Cowe

THE prospect of Quentin Tarantino's Pulp Fiction showing every 15 minutes on television was raised by the satellite broadcaster, BSkyB, yesterday when it committed itself for the first time to digital TV.

Satellite TV will expand by hundreds of channels providing pay-per-view and video on demand services before the end of next year under BSkyB's plans.

It has agreed to lease capacity for up to 150 channels on a satellite which will be launched in the autumn of 1997. More will follow, with a target of 500 channels which would be serviced by joint ventures involving new and existing TV companies, expected to include Virgin, the BBC, and Granada.

"By the autumn of 1997 we will have the satellite capacity in place and we will roll out our digital service from then," said BSkyB director, Richard Brooke.

Digital signals will provide better picture and sound quality. They also require less satellite capacity, cutting transmission costs, and opening the possibility of films virtually on demand because the same film can be broadcast on several different channels at 15-minute intervals.

The move to hundreds of higher quality channels will also introduce widespread pay-per-view operations. Sam Chisholm, BSkyB managing director, said yesterday: "There will be 100 channels offering pay-per-view movies. Pulp Fiction every quarter of an hour for less than it would cost to take out the video, probably about £2."

BSkyB is concerned about the transition from analogue to digital transmission because of the possible impact on its subscribers, who would need a "black box" set-top decoder. Mr Brooke said full analogue services would be provided in parallel to digital transmission for customers who did not wish to switch.

He had earlier reported a continued rise in subscriber numbers which fuelled a 45 per cent increase in profits in the last three months. An additional 149,000 subscribers were signed up in the quarter, bringing the total for Britain and Ireland to 5.3 million, or roughly one in five households. For the first time the number of new cable subscribers recorded more than a tenth of total British TV viewing in the week ending March 17.

BSkyB sales during the quarter were £272 million, resulting in profit before tax of £71 million, up from £49 million in the same quarter last year. The figures are expected to lead to higher profits at Rupert Murdoch's News Corporation, which owns 40 per cent of BSkyB and reports its latest results this morning. Sky revealed yesterday that last month's Bruno v Tyson boxing match, the first pay-per-view event in Britain, was not a financial success. One in seven, or 690,000 subscribers, paid a minimum £9.99 on top of their regular subscriptions to watch the world heavyweight bout at 4 am on March 17, bringing in about £5 million. But Mr Brooke said profits had been negligible.

The most watchable dramas on television are sponsored by The Listening Bank.

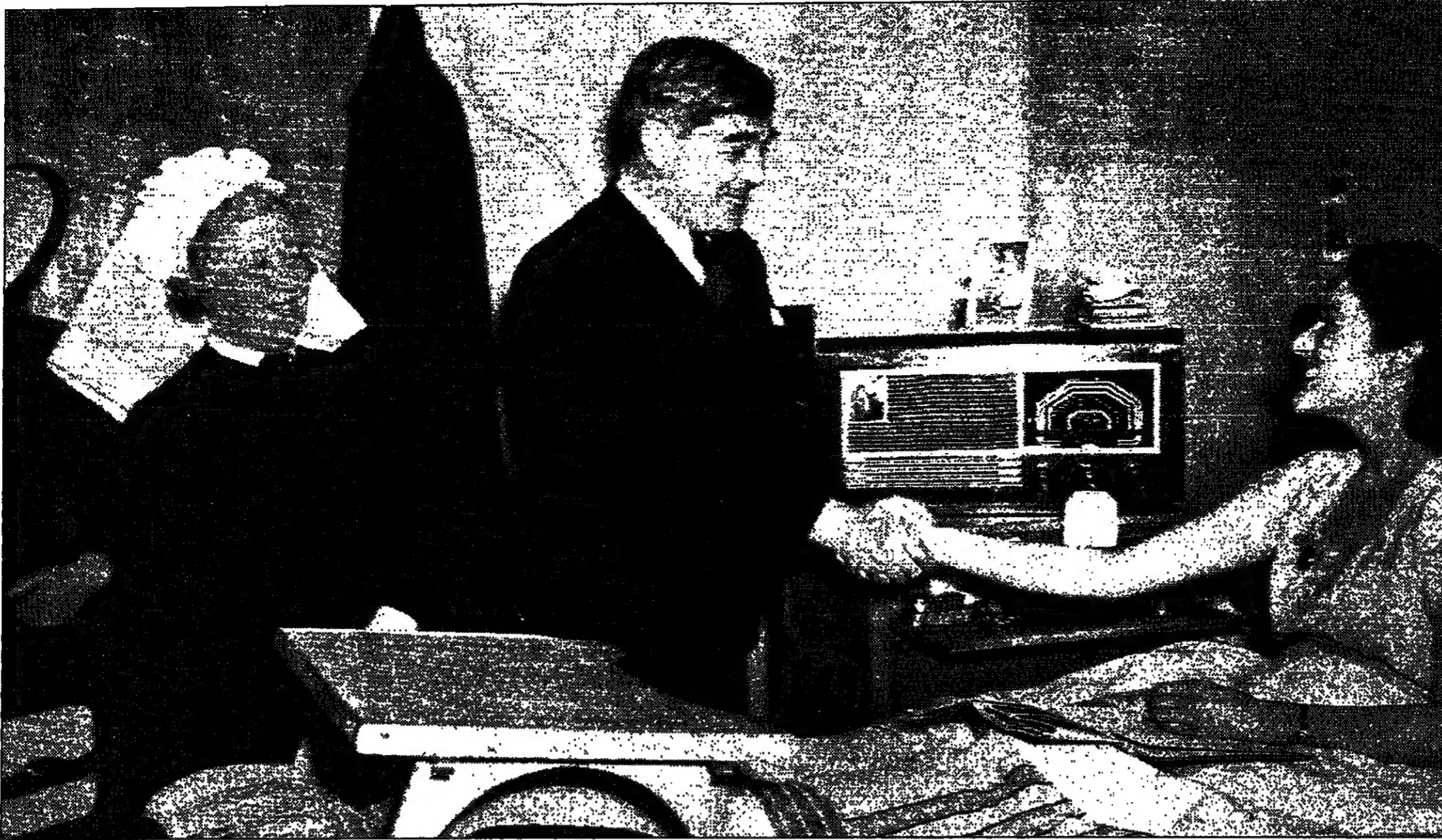
"Sharpe's Siege" tonight at 8pm on ITV.

Settle down for the **ITV Drama Premiere** sponsored by



Sitting in the lee of a flapping tarpaulin, coughing on sawdust and dandelion seed, is not the easiest situation in which to write a column.

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Nye Bevan, Labour Minister of Health, visiting Papworth hospital, a centre for tubercular diseases, in May 1948, just before the National Health Service came into operation

PHOTOGRAPH: HULTON GETTY

Expert opinion

MERVYN Kohler, head of public affairs, Help The Aged. "This is an issue which Beveridge didn't grapple with because he didn't have to. The idea of using an insurance vehicle to pay for care is something we applaud provided it is universal. The narrow opting in proposals which Stephen Dorrell has unveiled will only help people with the money to pay for it."

Madsen Pirie, president of the Adam Smith Institute. "The welfare state has provided a disincentive to self-provision."

Sally Witcher, director of the Child Poverty Action Group. "The welfare state needs to change because it doesn't respond to current day needs. Chris Smith says the state cannot be regarded as a secure option, but then neither can the private sector be."

Tony Baker, deputy director general of the Association of British Insurers. "The problem is that long term care insurance is an expensive product. But as more people want to buy a policy, the costs of cover will come down. More insurers will want to come into the market which will also bring down the cost and increase benefits."

Sally Greengross, director of Age Concern. "One problem the Government needs to address is the extent to which many older people have little confidence in a system which has gone through massive change in the past."

'Cradle to grave' contract rewritten

David Brindle on Tory and Labour announcements which will be seen as a watershed in the understanding and expectations of the welfare state despite claims to honour the spirit of Beveridge

IT WAS Churchill not Beveridge, who coined the phrase "cradle to grave" to describe the all-encompassing nature of the social security programme which for half a century has been the bedrock of the welfare state.

The words have, however, come to be synonymous with Beveridge and everything that his 1942 report stood for: certainty of state protection through social insurance at all times of vulnerability — particularly unemployment, ill health and old age.

Yesterday's announcements by the Conservative and Labour parties will be seen as watershed in the understanding and expectation of the welfare state. If the cradle to grave contract has not been broken, it has certainly been re-written with riders and small print.

Although both parties will insist they are continuing to honour the spirit of Beveridge, their proposals and rhetoric amount to a shift of emphasis from the state as provider to the state as enabler.

As Stephen Dorrell, Health Secretary, said: "As life expectancy increases, it be-

comes progressively more important to ensure that sufficient provision is made to enable retired people to enjoy a comfortable and fulfilling retirement. The principal responsibility for making that provision must rest with the individual citizen."

And as Chris Smith, the shadow social security secretary, argued: "Some argue that it is only the state that can possibly deliver all the elements of proper social security. I disagree. Of course there are some things that only the state can do. But the principle must surely be that the state acts as the guarantor

of all provision, the regulator of all provision — and the administrator of some."

The term "welfare state" was popularised by the then Archbishop of Canterbury in 1941 in a book in which he contrasted the idea with that of a "power state" which had no moral or spiritual commitment to its people.

The term came to be applied to the whole range of social reforms instigated by Beveridge and others: modern social security provision, the NHS, the education system and even less tangible concepts such as citizenship and equality of opportunity.

Beveridge set out to slay the five "giant evils" of want, disease, ignorance, squalor and idleness. Mr Smith asserted that all five were still roaming the land, and added two more of his own — insecurity and exclusion.

Referring to the post-war Labour government, he said: "The welfare state created then has changed over time. It needs to change further if we are to ensure that it responds to modern needs and if we are to ensure also that some of the harm done in recent years is redressed."

This acknowledgement that a Labour government would

overhaul the welfare state comes more than three years after John Smith, the then party leader, set up the Commission on Social Justice to analyse policies which could "enable every individual to live free from want".

The commission is said by critics to have been long on analysis, short on proposals. Chris Smith was subsequently told by Tony Blair, Labour leader, to go away and — in the headline shorthand — "think the unthinkable" about benefit reforms. Yesterday's speech represents the first fruits of that process.

For the Government, action

was started by Peter Lilley, the Social Security Secretary in 1993. If benefits spending was not curbed, it would "throttle economic growth".

Yesterday's consultation proposals on private insurance for long-term care have been driven both by the costs pressure — if the state was to underwrite such care — and the public outcry over the realisation that it is not. But while the plans come from the same stable as Mr Lilley's earlier curbs on invalidity, unemployment and housing benefits, they represent, too, a step-change in assumptions about the welfare state.



Nancy Loud with husband George PHOTOGRAPH: GUY NEWMAN

Case One

'Betrayed' carer brands insurance plans an insult after £100,000 bill

NANCY Loud, who has spent more than £100,000 on nursing home fees for her 86-year-old husband, has derided the Government's plans to buy long-term security with

£10,000 as an insult. writes Teresa Hunter

With nursing home bills running at around £30,000 a year, Nancy, who is 80, says it is dishonest of the Government to pretend people can insure their old age for a sum which would keep them in a home for only six months.

She cared for her husband, George, a former butcher, for nine years after he developed Alzheimer's disease. After a 15-month spell in hospital in 1988 he was discharged into a private nursing

home because he needed more intensive nursing care than was available there.

Mrs Loud, of Colyton, Devon, said: "I was given no choice in what followed. I was told he was being transferred to a private nursing home, and that was it. He is unable to walk or feed himself, has regular fits and needs to be physically turned every two hours to prevent bed sores. Yet this is classed as 'social' care — not 'medical' care. If it were classed 'medical' then we would not have to pay."

The Louds had not saved to meet nursing fees, but had accumulated substantial savings, which Mrs Loud has used to pay the bills. She refuses to consider what will happen when that money runs out.

Case Two

'My granddad was there when the state needed him. But now he's on his own'

TERESA HUNTER

DAVID Bez (right) has been told to sell his grandparents' house to meet their nursing home fees — his reward for sacrificing his career to care for them as their health deteriorated. Soon he will be 30, unemployed and homeless.

Mr Bez grew up with his grandparents after his mother died of cancer and



David Bez with his grandparents

mother's Alzheimer's worsened and she was taken into a nursing home. Then shortly before Christmas his grandfather began to suffer from chronic breathing problems. He was taken into a nursing home for six weeks' care but has had to stay indefinitely.

Mr Bez was devastated to be ordered, out of the blue, to put the house on the market and have their possessions valued, ready for sale.

He said: "The house is only worth £45,000 — so by the time that amount is divided between both of them and they are allowed to keep their minimum savings limit, it won't buy much care anyway. My granddad worked all his life, paying tax and national insurance. He fought in the war. He was always there when the state needed him. But when he needs the state he's on his own."

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Dorrell acts to save nest eggs from state

Richard Thomas on a scheme aimed at keeping 'natural' Tory voters on side

STEPHEN Dorrell, the Health Secretary, yesterday stirred up a storm by ending the politically disastrous situation of thousands of pensioners having to sell their homes to pay for their own care.

His plan aims to help people to pass on their assets — primarily in the form of property — to their children, promoting the Tory ideal of a "cascade of wealth" down the generations.

But Labour and pensioner pressure groups attacked the measure as beyond the reach of most pensioners and a further shift towards their having to pay their own care costs.

On top of the Conservative drubbing in last week's local government elections, the Government faces the prospect of 40,000 natural Tory voters each year being made to sell their homes.

At present people with assets over £10,000 have to pay part of the costs of their care, while someone worth more than £15,000 has to pay for all of it until the savings are run down to the threshold.

Mr Dorrell's solution — which he hopes to put on the statute books after a four to five week consultation process — is to increase this threshold for people who buy insurance against their care needs.

The state has never automatically picked up the tab for non-medical care in old age, as Mr Dorrell repeatedly pointed out yesterday, but as the number living long enough to need care has spiralled the Government has been forced to act.

The Health Secretary said the over-75s now made up more than 7 per cent of the population, up from 4.7 per cent 25 years ago. Spending on the elderly by social services departments had more than doubled since 1979 to £3.4 billion.

Under Mr Dorrell's scheme, an individual who bought £40,000 worth of insurance cover would protect assets up to the value of £50,000. A more generous option listed in his paper would increase the means test threshold by £150 for each £1 of insurance paid out.

For those already in need of care, or on the point of receiving it, Mr Dorrell proposes that the purchase of an "immediate needs" care annuity — an investment vehicle — to contribute towards care costs could also be offset against any future means test.

But he admitted that such policies were expensive and likely to remain out of the reach of most elderly people.

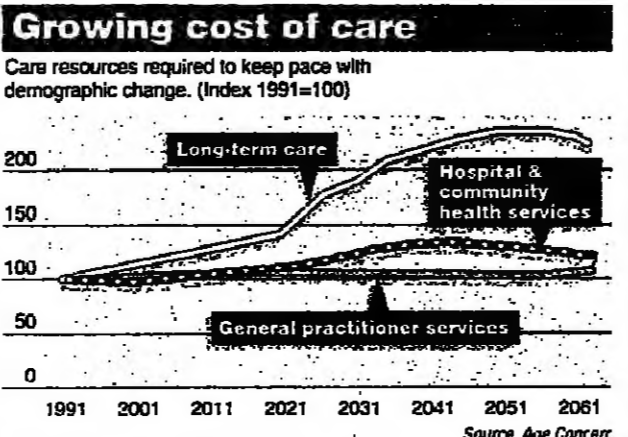
Mervyn Kohler, head of public affairs for the charity Help The Aged, said: "How are the large numbers of pensioners who live on a very low income but do not receive means-tested benefits going to find the money to pay for such a scheme?"

For a man of 65, the cost of a one-off insurance premium against all future care costs could be £10,000, according to insurance industry experts — money which few pensioners have at their fingertips.

But most welfare commentators last night said the proposal was a step in the right direction.

Paul Johnson, a research director at the independent Institute for Fiscal Studies, said: "The principle of co-insurance, allowing people to get some benefit from providing for their own needs, is really the only sensible way forward."

Mr Dorrell insisted that any insurance policy, however small, would reward the "thrifty and responsible", allowing people to guard their hard-won nest eggs from the state.



Stephen Dorrell... urging insurance to meet care costs

What's the one thing they'll all be doing this summer?

nahat

Working together for Health

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- Sir Richard Cross
- Alan Langlands
- Professor Alan Maynard
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- John Humphrys
- Professor Laurie Taylor
- Judith Hill

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(NOW TURN TO SOCIETY)

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Stephen Bates

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New powers for inspectors as controversial report finds poor reading standards in three inner London boroughs

Shepherd attacks 'trendy' teaching

Donald MacLeod
Education Correspondent

GILLIAN Shepherd, the Education and Employment Secretary, yesterday launched an attack on "trendy" teaching methods in schools and teacher training colleges.

She gave inspectors new powers to test children in the classroom and called on governors to sack ineffective staff. A highly critical report yesterday by the Office for Standards in Education on the way reading was taught in three inner London boroughs is to be followed by an investigation of the teaching of numeracy in three other low-performing authorities as part of a back to basics drive. Ofsted and local authority inspectors found nearly eight out of 10 seven-year-olds in Islington, Southwark and Tower Hamlets were behind in reading, and four out of 10 11-year-olds were two years behind. The gap in pupils' reading performance was serious and unacceptable.

Mrs Shepherd said she would introduce legislation to give Ofsted powers to test children in schools where they suspected standards were low, and to inspect local education authorities as well as individual schools. "The report clearly identified poor leadership and poor teaching as the main reasons why hundreds of children in these London boroughs are being so badly let down. I would expect these authorities and the governors who are the employers concerned to consider very seriously whether they can go on failing children."

Fromising league tables of teacher training colleges and



Chris Woodhead: re-wrote parts of the report

systematic work was rare, especially in the final primary year when many pupils still needed it. Teachers spent too much time simply listening to individual children read. "While teachers worked hard at the teaching of reading, too much of their effort was wasted because either the organisation and management of the work was too complicated or their own knowledge about the teaching of reading was weak." Many teachers were critical of their own training to teach reading. Black African pupils performed best in the standardised tests at seven and 11. Bangladeshi pupils achieved low scores at seven but did better at 11. White pupils from poor backgrounds consistently did least well. David Blunkett, the shadow education secretary, said: "Mrs Shepherd and Mr Woodhead have missed out on the importance of the family. Parents can play a crucial part in raising standards of literacy in the inner cities and there should be encouraged to do so."



Gillian Shepherd... promises teacher training college and university department league tables based on Ofsted reports

'The report clearly identified poor leadership and poor teaching as the main reasons why hundreds of children in these London boroughs are being so badly let down. I would expect these authorities and the governors who are the employers concerned to consider very seriously whether they can go on failing children'

- Gillian Shepherd

The deleted passages

PASSAGES deleted from the final report by Chris Woodhead, the Chief Inspector, included:

"Most of these characteristics—bilingualism, poverty, pupil and staff turnover—were outside the control of the schools and where schools faced a combination of them their task was a difficult one."

"A significantly high proportion of the pupils in the 45 schools had special educational needs, or spoke English as an additional language, or came from deprived backgrounds."

"Weaknesses do not occur because the teachers are less well qualified or more inept than their

colleagues elsewhere... teaching reading in many of these schools is a particularly difficult task for which the teachers are not always well prepared."

"Overwhelmingly the teachers involved in this survey present themselves as pragmatic, non-doctrinaire people who want to have at their disposal the highest possible repertoire of skills and knowledge about teaching reading."

"The quality of teaching of reading was satisfactory or better in approximately two-thirds of the lessons observed in Year 2" was changed to read: "In one third of these the quality of teaching was unsatisfactory or poor."

UK 'scores low on education'

Stephen Bates finds EU figures belie ministers' spending claims

CONTRARY to the Government's claims, Britain spends a lower percentage of its national wealth on education than any other European state, according to EU figures yesterday.

The survey also shows that British teachers take some of the biggest classes in Europe and for more hours than virtually anywhere else. The figures are drawn largely from data compiled by member states and bodies such as the Organisation for Economic Co-operation and Development.

As for pupils, the report shows some of the lowest participation rates in nursery education, the lowest proportion of teenagers reaching an advanced standard in the sixth form, and the smallest proportion going on to read technical subjects such as engineering at university.

British pupils learn fewer foreign languages for a shorter period than those anywhere else except in Ireland. In the rest of Europe 89 per cent of secondary pupils learn English, while only 32 per cent take French and 19 per cent take German.

Figures for education spending as a proportion of gross domestic product show that ministers' claims that Britain spends a higher proportion of its wealth on education are no longer correct. OECD figures for 1992 show Britain spending 4.1 per cent of GDP on education, compared with 5.9 in France and 7.9 in Finland.

Even Germany, with which ministers often make comparisons, spends 4.8 per cent of its GDP when spending on public and private institutions is taken into account. Class sizes in England are larger than anywhere else except Ireland, and have not been falling in recent years as they have in other states.

British schools tend to be the largest, with 214 pupils in primaries and 733 in secondaries on average compared with 108 and 578 in France. British teachers have to work longer hours than many EU colleagues. The figures are not clear cut, since teachers in many states have fewer compulsory teaching hours but longer working days overall. British teachers work 1,265 compulsory hours a year, while the French work a maximum of 630 hours.

British teachers' pay has been on an upward curve, unlike salaries in many other states. British classroom teachers hit an earnings ceiling quicker than their colleagues on the Continent.

The battle in Ferncroft Avenue has cost one of the residents in the property at least £1 million in legal and other fees.

55 very irresponsible reasons...

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Germany draws battle lines over nuclear train

Thousands of German police and anti-nuclear militants are preparing for a showdown today when a trainload of plutonium and nuclear waste is scheduled to arrive from France at a north German storage site.



"Violent demonstrators are criminals endangering others' lives," Mr Kanther said. The train bearing reprocessed nuclear waste from the plant at La Hague in France is the first cargo to cross the borders between European countries under French legislation that requires nuclear materials reprocessed at La Hague to be returned to the country of origin.

Berlin relights the lamp for Marlene

Rick Atkinson visits Dietrich's grave and the repository of her worldly goods

JOHN WAYNE called her "the most intriguing woman I've ever known". Ernest Hemingway said: "It makes no difference how she breaks your heart, if she is there to mend it."

cat-and-mouse with the authorities and the nuclear industry. The itinerary of the train has been kept secret to keep the anti-nuclear hounds off the scent and several decoy trains have been dispatched from La Hague.

Dozens of protesters were arrested early on Monday after fights with police near Gorleben. The violent fringe of the movement is spearheaded by young, hooded left-wing radicals.

At the weekend, a group of 50 local doctors took out a full-page advertisement in the regional press to announce that they would be taking to the streets. Local schools and parent-teacher associations will be doing the same.

Britain shows the way to bowler-hatted majors • Generals turn the screws on Yeltsin

Apostles of business training

THE world has become an unpredictable, continually changing place," he said. "It is clear that fortune will favour those who do not ignore these changes and draw up a new strategy to cope with them."

British strategy has nothing to do with skulduggery, spookery and snoopering, and everything to do with teaching unemployed Russian majors and colonels about the joys and perils of life in a market economy.

General Nikolai Radul, number two in the Russian army's training department, was certainly not in the mood to let a little espionage counterpoint obstruct the flow of funds from Whitehall.

The head of the university, General Nikolai Zvinchikov, seemed perfectly at ease sitting next to Andrew Carter, deputy head of the British embassy.

The ceremony had been planned long before the spy scandal erupted. All the same, the events lent a particular ambivalence to Mr Carter's speech, delivered in flawless Russian.

British strategy has nothing to do with skulduggery, spookery and snoopering, and everything to do with teaching unemployed Russian majors and colonels about the joys and perils of life in a market economy.

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Election 'could split army and country'

David Hearst in Moscow

BORIS YELTSIN faced a new challenge to his authority last night when a senior army official said that next month's presidential election could turn the country into a "political Bosnia" in which the armed forces and civilians would be divided.

Colonel-General Leontin Kuznetsov, commander of the Moscow military district, did not mince his words. He told Interfax news agency that the election could cause destabilisation which would "stir up all Russia, all Russian speakers, including the military".

Two days ago President Yeltsin was forced to silence his chief confidant, Lieutenant-General Alexander Korzhakov, for saying the same thing. Yesterday's warning of civil strife went even further.

General Kuznetsov said: "Elections could lead to destabilisation, to the point where the population of Russia divides into two camps, one against the other, and as the people say, the Kulaks [rich peasants] will keep their fists clenched in their pockets."

Mr Yeltsin has repeatedly said the election will take place as laid down by the constitution. But he has echoed the warnings of his security advisers in saying that there could be a civil war if the Communist Party challenger, Gennady Zyuganov, wins.

precipitate action which could negatively influence the successful development of Russian-British relations." The ministry's loss is the security service's gain. There have been other indications that the balance of power in the Kremlin has shifted.

The generals know they carry millions of votes. The military-industrial complex was the earliest victim of the collapse of the Soviet Union and its traditional arms markets in eastern Europe.

So far the latter have been influential and well represented in government. They have the prime minister, Viktor Chernomyrdin, as their chief spokesman.

Plans for producing and smuggling abroad nuclear material which could be used for military purposes, Itar-Tass news agency said yesterday, quoting a spokesman in the Siberian city of Krasnoyarsk.

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No tall tales... A well-wisher wipes lipstick from Boris Yeltsin's face after giving him a kiss on the campaign trail

Coming in from the cold war

Young Russians in Highgate have no fear of being caught in diplomatic cross-fire.

Jonathan Steele reports

GRIGORY MIRZOYAN fondly remembers thumbing his nose at the top-floor front room of the quiet suburban house opposite the Soviet trade mission in Highgate as he and his chums fled out of the compound on the way to school a decade ago.

game. Now it's over. Life is even more fun. His dad has moved into private business, and Grigory has enough money and time to hang out for large chunks of the day in La Brasserie in Highgate Village while officially enrolled in a business studies course at City University.

broken. "Presented by Wilkinson Sword in celebration of the Razor Blade Contract, 1972," it says. "I wonder days the building and the adjacent compound with its tennis court and lawns housed over a hundred staff and their families."

broken. "Presented by Wilkinson Sword in celebration of the Razor Blade Contract, 1972," it says. "I wonder days the building and the adjacent compound with its tennis court and lawns housed over a hundred staff and their families."

When Kenneth Baker tells us that the Government is doing a grand job, I am reminded of Ralph Waldo Emerson's line: "The louder he spoke of his honour, the faster we counted our spoons."

Francis Wheen

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Dirty Mathew Norman

In classic instance of the imitating art, an article about the X-Files... The supernatural TV drama series has itself fallen victim to weird, inexplicable forces.

Who will pay when we're old and grey?

Commentary Francine Stock

MOST people have one - yet nobody wants to talk about what to do with it. Granny Political parties in particular have kept taciturn silence on the costly iceberg of our ageing population.

Today, for the 12 million aged 60 or more, there are 24 million in the 16-44 bracket. In 2026, when my young children are in their early 30s, Age Concern reckons there will be 17 million over 60, and just 21 million young adults.

Unsurprisingly, their children go up knowing nothing about the first time. On paper at least, property inflation gives a proportion of today's pensioners wealth they had expected.

nically around a will. The welfare state aimed to free individuals from craven dependency, but not from dependency of any kind.

Legacies have always been good drama

coming smaller. Divorce and separation speed up the process, dividing and multiplying at the same time.

restoration of five years of post-Soviet budget cuts. No group suffered from the collapse of the USSR more severely than the Russian military.

Living on this land of ours



George Monbiot

SITTING in the lee of a flapping tarpaulin, coughing on sawdust and dandelion seed, is not the easiest situation in which to write a column.

after another has been presented to local people. On each occasion both they and - uncharacteristically - the council have rejected them.

STILL with uncanny happenings in the Sunday Times, let us marvel again at the presence of Taki-George.

THOSE cybernetic sleuths from TAIM (Truth and Accuracy in the Media) are on the tory's trail. This mysterious detective agency for journalistic naughtiness...

IN Tribune, Nyta Mann writes with wit about leaving the New Statesman (she was sacked by the new editor Ian Hargreaves).

WE began on a spooky note, and so we must end. A BBC reporter returning from Beirut relates an eerie sight.



Spies' message

What is behind Russia's diplomatic threats and how should Britain respond? Jonathan Steele urges cool heads, while Richard Norton-Taylor, now, reveals who is spying on whom anyway

WHEN Boris Yeltsin lifts his cloak and shows his dagger, he is clearly trying to send someone a signal. The question is who.

ago a British diplomat, described by the Russians as head of the Secret Intelligence Service station in Moscow, was quietly expelled.

or implied. Stung, belatedly, by this charge, the Russians may be telling Britain that Moscow knows the UK is active in the same game.

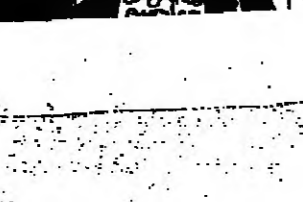
Seekers-out of secrets

SOME years ago, at the height of the cold war, one of Her Majesty's secret agents recounted a small, but telling, anecdote. While in Moscow, he regularly took a trolley-bus from his flat to the British embassy.

Service (the FSB, successor of the KGB) it was a gift. A special one, given that the British were involved in Moscow spy and security chiefs, who have long memories, have harboured resentment against their British counterparts ever since 100 soviet officials were expelled by the Conservative government in 1971.

reasons of provoking a row. For commercial and economic reasons, Moscow might have played it differently had a German spy been caught.

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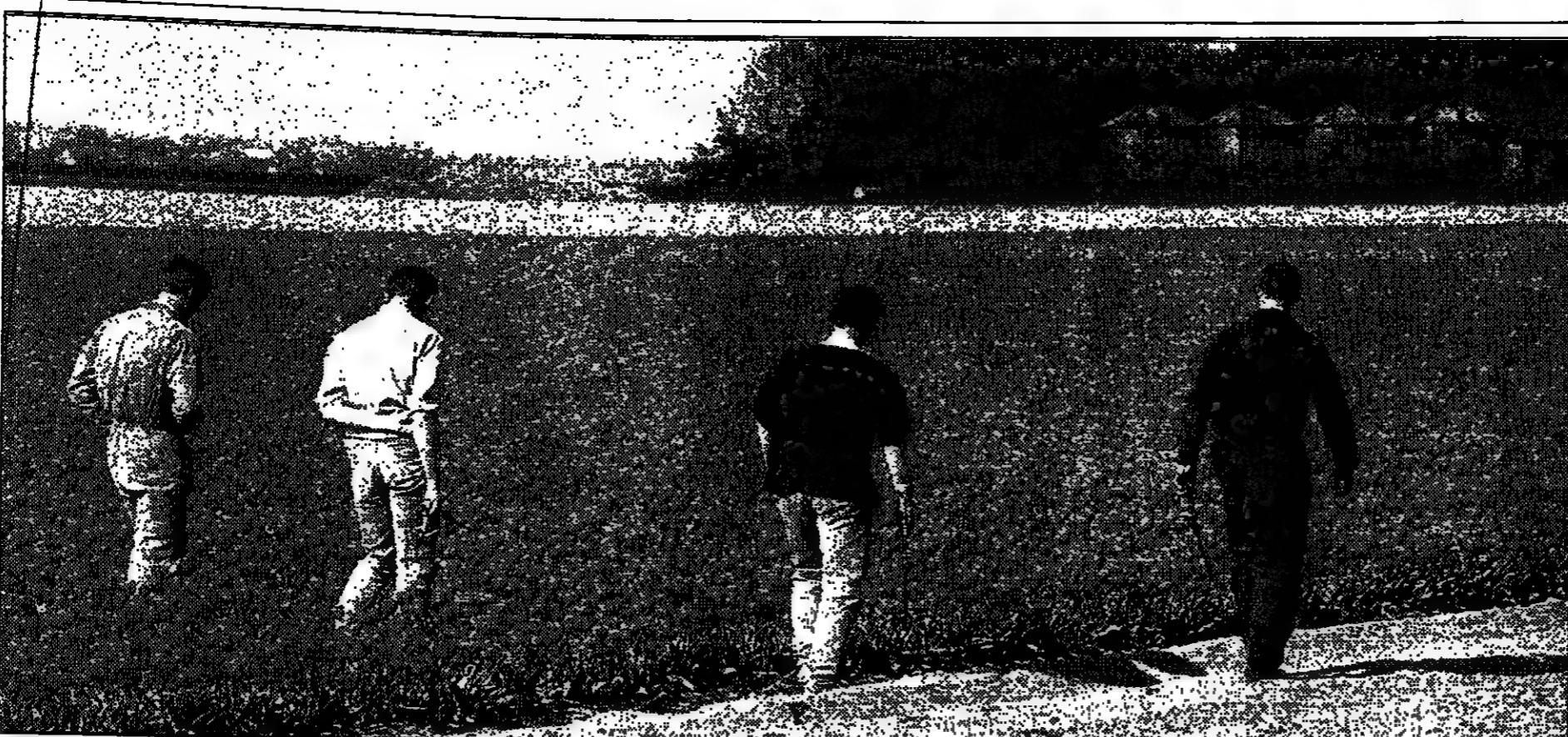


Bookie tightlipped over buy, page 12

Lloyd's may fail solvency test, page 12

Financial Editor: Alex Brummer
Telephone: 0171-239-9610
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Finance Guardian



Fielders... Dutch farmworkers near Biddinghuizen check their tulips for colour defects so problems for the bulb export trade can be nipped in the bud PHOTOGRAPH: JACOB MELISSIEN

Government unplugged

£1.73bn US bid for Midlands

Simon Beavis
Industrial Editor

GOVERNMENT disarray over Britain's electricity industry looked set to intensify last night as the City braced itself for a new wave of foreign takeovers in the wake of the agreed £1.73 billion bid for Midlands Electricity from two US utilities. The bid for

mediately pledged that jobs would not be cut as a direct result of the bid. MEB has cut 1,200 jobs in the past three years, realising annual savings of £30 million. The bid — pitched at 440p a share — is the latest in a series of incursions into the UK electricity market by US firms who have taken over two regional companies. The two US groups consolidated the move by snapping up an estimated 15 per cent of Midlands shares by last night. This puts them behind PowerGen, the generator blocked from buying MEB by the Government, which is still sitting on 30 per cent of the company's shares and a profit of over £70 million. But their bid immediately

provoked calls from Labour and the unions for the Government to clarify its policy on takeovers in the privatised electricity sector following last week's surprise announcement that it was maintaining a golden share in the two big generators. In a move widely seen as an attempt to halt foreign predators. Labour's energy spokesman John Batten said: "At the moment the Government is doing nothing but spreading confusion in this sector. They should make the policy clear and they should ensure that they begin to put the interests of consumers first." Mike Jeram, head of electricity at the public services union Unison, said: "It is about time this Government got a grip on the takeover frenzy in the electricity industry. If Avon is successful it will mean that nearly 25 per cent of Britain's electricity industry will be in American hands." Avon is offering MEB shareholders 420p in cash per share and a special dividend of 20p a share. MEB chairman Bryan Townsend, who is sitting on shares worth £400,000 under the terms of the offer, is set to leave the company but other senior directors will stay — including chief executive Mike Hughes. Mr Townsend welcomed the offer saying it was "very much business as usual." Southern Electric was heading the list of bid targets

Notabook

More than just beef at stake



Edited by Mark Milner

THE world is seldom free from incipient trade disputes. Just now, however, there seem to be more than usual. The European Union is cross with the US over the prospect of sanctions on non-US firms trading with Iran and Libya. It is disappointed by the American attitude over telecommunications. China is showing signs of using trade as an extension of diplomacy — threatening US firms with exclusion unless there is less talk of human rights. At home the EU is still struggling to reach a deal on the domestic electricity market, there are mutterings about the extent to which US firms are colonising the British electricity sector — this at a time when, for example, Britain's cause is contemplating a merger with America's Varsity Corporation. Perhaps the most worrying of all the disputes, however, is that between Britain and its EU partners over the ban on British beef. Even taken in isolation, the issue would have been difficult to resolve. In the event it seems to have served as a focus for a hysterical outbreak of Euro-scepticism in which Britain's entire relationship with the EU has been called into question. It was refreshing, therefore, to hear Unilever chairman Sir Michael Perry attempt yesterday to restore a degree of objectivity to the debate when he noted that the problems and the solutions to the "mad cow" affair lie nearer to home than Brussels. He is right, too, to warn of the risks of the row over BSE and bans to poison the development of Britain's relations with the rest of the EU. Banging the table, or even threatening to leave it, over beef is hardly likely to get the ban lifted quickly. Even if it were, the perception that European politicians had bowed to threats would be unlikely to resolve the crisis of consumer confidence. The last time the formula was tried by the Government was when Emma Nicholson defected to the Liberal Democrats earlier in the year. Then John Major, no less, immediately reintroduced the hugely unpopular sale of the Post Office as a way of showing that he remained on the leading edge of political innovation. So, with a drubbing in the local elections behind it, the Government has given the issue another run out. Ministers appear to agree that they can win round the dissident backbenchers who forced them to abandon the sell-off nearly two years ago. They want to have a fresh go after the election. Not only that, but they want to privatise all parts of the Post Office including Compton, which they left out last time, thinking that would be enough to placate anxious colleagues in rural constituencies. The danger for the party is that what it could once claim to be economic radicalism is now widely come to be seen as myopia.

Post-poll plans

IT IS a mark of the tiredness of Tory thinking that when the party is stuck in the doldrums it turns with unquestioning vigour to ideas that deserve to remain at the bottom of the barrel. In other words: when in doubt, roll out Post Office privatisation. The last time the formula was tried by the Government was when Emma Nicholson defected to the Liberal Democrats earlier in the year. Then John Major, no less, immediately reintroduced the hugely unpopular sale of the Post Office as a way of showing that he remained on the leading edge of political innovation. So, with a drubbing in the local elections behind it, the Government has given the issue another run out. Ministers appear to agree that they can win round the dissident backbenchers who forced them to abandon the sell-off nearly two years ago. They want to have a fresh go after the election. Not only that, but they want to privatise all parts of the Post Office including Compton, which they left out last time, thinking that would be enough to placate anxious colleagues in rural constituencies. The danger for the party is that what it could once claim to be economic radicalism is now widely come to be seen as myopia.

Morton's bond

EUROTUNNEL'S long-suffering bankers are increasingly impatient about the time it is taking to reschedule the project's £8 billion borrowings. Talks have been continuing ever since Eurotunnel's £2 million-a-day interest rate payments were suspended six months ago. Yet only now have banks been able to agree on the basics of what will be the world's biggest financial restructuring programme. A straight debt-for-equity swap has proved hard to achieve. Eurotunnel's chairman, Sir Alastair Morton, has the two authorities. The CBI said it firmly believed in the separation of the powers of adjudication and prosecution represented by the two bodies. But it recommended beefing up the OFT as a new Competition Authority to do the investigatory work now shared with the MMC. The MMC would be renamed the Competition Commission and would be headed by the equivalent of a High Court judge who would review decisions of the OFT. Labour's call for a public interest clause to be introduced into merger investigations, requiring firms to prove the public benefit of a proposed acquisition, was also criticised by the CBI in a summary of its own proposals.

'Merge MMC' call attacked

Sarah Ryle

BUSINESS leaders last night criticised the Labour Party's calls for a unified Office of Fair Trading and Monopolies & Mergers Commission as hostile to industry, further fuelling the row over how to safeguard competition. The Confederation of British Industry recommended that the current system of two separate bodies should continue, setting out its proposals in an official response to the Government's investigation into competition policy reform. Both the Labour Party and the former director-general of fair trading, Sir Bryan Carseberg, have backed a merger of

'Go-quietly' deal for Woolwich chief

Patrick Donovan
City Editor

THE disgraced former chief executive of the Woolwich Building Society, Peter Robinson, will be spared further action over his "irregular" expense claims if he agrees to drop any claims for severance pay — which could amount to as much as £300,000. Woolwich directors are drawing up the "go-quietly"

The Woolwich is expected to use the document, which has been drawn up after exhaustive investigation by lawyers Linklaters and accountants Peat Marwick, to impress upon Mr Robinson that the case against him is well founded. The society has privately decided that there is no possible case for paying Mr Robinson any financial compensation although he was on a 12-month service contract and earned an annual salary of £300,000. However, the society has decided not to demand the return of the disputed expenses if it can agree a prompt settlement over his departure. Many of the disputed expense payments represent a "grey area" which means the financial liability would be difficult to quantify. Meanwhile, acting chief executive Donald Kirkham yesterday said that media reports about Mr Robinson's resignation had been "pretty

much near the truth. Mr Robinson's departure was really brought about by a loss of trust and confidence on the part of the society's board. The allegations are relatively minor in terms of money, but major in terms of trust and confidence." The Woolwich is compiling a shortlist for a new chief executive officer and expects to announce its next chief financial officer this week. The controversy has fuelled a wave of take-over speculation around the Woolwich. Both the Prudential and the Royal Bank of Scotland are thought to be interested in acquiring the building society. Mr Kirkham said: "The takeover speculation is certainly going on in the Press and certainly among the chartering classes but when it comes to people within the City of London, then the take-over speculation subsides." He added that the Woolwich business was continuing to perform well.

Eurotunnel's bankers create lifesaving bond

Patrick Donovan
and Paul Webster in Paris

PLANS to restructure Eurotunnel's \$3 billion debt with an innovative convertible bond are at the heart of the financial package being put together by the company's 225 banks. The plan, backed up by other financial instruments, would involve swapping part of the company's debt into a "low coupon convertible bond". This would offer Eurotunnel, which was six months ago forced to request a freeze on its \$2 million-a-day interest payments, a longer term way of reducing its debts. In return for agreeing a lower than market return on their lending, banks would be compensated by corresponding amounts of the equity being converted into bonds on a rolling basis. The resulting bonds would be tradeable. But debt specialists yesterday pointed out that Eurotunnel debt was already trading at around 50p in the £1, reflecting pessimism about the company. The news emerged amid suggestions that the banks would be in a position to agree an outline plan for the refinancing package by the end of the week. But sources close to the bankers warned that final resolution was quite some time off.

Norris banned over Barings failure

High-flying former chief executive kicked out of regulated investment industry for three years. Patrick Donovan reports

FORMER high-flying Barings director Peter Norris has been banned from working as a director in the regulated investment industry for at least three years by the Securities and Futures Authority after admitting that he shared responsibility for last year's collapse of the City's oldest investment bank. Mr Norris, who was the chief executive officer of Barings Investment Bank, will also pay £10,000 in costs to the SFA which took the action against him as part of its inquiry into why top directors failed to prevent the collapse of Barings. Nick Leeson building up hundreds of millions of pounds worth of disastrous derivative deals. He is the first of nine of the bank's former directors to be disciplined by the SFA over the Barings affair. Several of them, including Mr Leeson's direct superior, Ron Baker, are now contesting the findings of the SFA investigation. The SFA said yesterday: "Mr Norris has acknowledged that, by virtue of his position, he shares responsibility for the circum-



stances which led to the collapse of Barings." The SFA added that Mr Norris also accepted that he failed to act with due skill, care and diligence during

New car sales hit two-year high

Simon Beavis
Industrial Editor

GOVERNMENT hopes that April's tax cuts would bolster consumer confidence appeared to have been met yesterday when it emerged that sales of new cars rose by more than 17 per cent last month to record their biggest increase in two years. According to the Society of Motor Manufacturers and Traders, sales of new cars last month, 163,218 in April, an

increase of 17.14 per cent on the same month last year. More significantly, sales to individual buyers were up by just under 16 per cent, indicating that consumers are returning to the showrooms. Although car sales had managed to rise gradually this year, it had been sales to company car fleets that had accounted for all of the growth to date. April's sharp increase means that car sales for the first four months now total 633,667, up by 4.45 per cent on the same period of 1995. Neil Marshall, policy director of the Retail Motor Industry Federation, said that private buyers held the key to recovery in the car market. The biggest jump in sales to individuals for over two years was evidence that "the feeling factor may well be coming back". He said: "The combination of tax cuts and good news in the housing market may be kicking this marketplace into gear, which I'm sure the politicians will seize upon." One worrying aspect to the figures was that imported cars continue to grab a growing share of the UK market, taking 61.3 per cent in April. There were also signs that recent strong growth in the sale of new trucks and vans is petering out with commercial vehicle sales up by less than 1 per cent to 21,897. Ernie Thompson, SMMT chief executive, said the figures disproved recent criticism of the industry for overcharging. "The outstanding value of today's new cars should encourage increasing sales," he said.

TOURIST RATES — BANK SELLS			
Australia 1.8325	France 7.51	Italy 2.905	Singapore 2.0875
Austria 13.87	Germany 2.2275	Netherlands 2.49	South Africa 6.650
Belgium 15.73	Greece 358.00	New Zealand 2.1950	Spain 185.75
Canada 2.01	Hong Kong 11.37	Norway 9.83	Sweden 10.18
Cyprus 0.9805	India 51.73	Portugal 230.00	Switzerland 1.075
Denmark 8.83	Ireland 0.5378	Saudi Arabia 5.82	Turkey 109.976
Finland 7.19	Israel 4.92	USA 1.4750	

Supplied by NatWest Bank (excluding Indian rupee and Israeli shekel).

BP spurts ahead in spite of price war

Ian King

BRITISH Petroleum yesterday underlined the impact of the petrol price war by warning that despite stable crude oil prices, it expects the battle of the forecourts to continue in the near future.

Announcing a 36 per cent improvement in first quarter pre-tax profits to £628 million — BP's best first quarter figures for a decade — group chief executive John Browne said BP, like its rivals, had been hit by the price war.

BP ran up marketing and refining losses of £4 million in Britain during the three months, against profits of £16 million for the same period last year, which Mr Browne said was due largely to competitive pressures.

However, he said BP had improved its market share during the price war, and promised a group would continue to fight its corner.

But Mr Browne denied BP had received a favour from Esso, which started the price war with its Price Watch campaign in January, and played down suggestions that the strategy for BP and other big oil companies was to wipe out independent rivals.

He said: "Many people have tried to move prices up over the last few months, so something must be happening. Our market share is improving, and we will continue to be there. But there are still too many service stations in Britain."

Meanwhile, the chairman, Sir David Simon, insisted that the better-than-expected profits had come almost entirely from BP's own efforts, rather than from increased oil prices.

He said half of the improvement was due to cost savings. The rest was due to higher volumes, with demand for gas particularly buoyant during an unusually long, hard winter.

Sir David highlighted opportunities from proposed changes to the British domestic gas market, being tested in the South-west, aimed at allowing consumers to shop around for the best supplier.

He said: "BP can supply gas to a wider number of customers and improve the quality of their service. Clearly, it is a growing market, and quality suppliers who understand marketing will have advantages."

But Mr Browne said the changes had complicated BP's negotiations with British Gas over so-called "take or pay" contracts signed in the late 1980s. British Gas is seeking to renegotiate terms on gas it bought at high fixed prices, mainly during the 1990s but which it was later unable to sell on to consumers.

"Discussions with British Gas are continuing, but what will happen in the domestic market is uncertain to everyone," he said.

Despite the improvement in profits, analysts said the City had grown used to BP beating its targets and reacted with disappointment at its failure to increase the interim dividend. Shares closed down 13p at 569p.

Responding to criticism over the dividend, Sir David said the first quarter stage was not a point to review dividend policy and indicated that an increase could be made at the half-year stage.

He said: "We look at the dividend over the course of the entire year, and the interim stage is very much the appropriate time to review things."

Elsewhere, Mr Browne said BP expected oil to continue trading at between \$18-19.50 a barrel over the next few months but said he expected little news on the possibility of Iraq resuming oil exports in the near future.

Talks with Iraq were due to restart last night, but Mr Browne said: "People change their minds the whole time, but my personal opinion is that it will not get solved just yet and that we are no closer to a solution than in the past."

News in brief

Exchange seat sold in \$1.45m deal

A SEAT on the New York Stock Exchange sold for \$1.45 million (236,000) yesterday, topping the previous high of \$1.25 million on March 6. Rising seat prices are usually associated with high-flying markets. Previously, seats sold for \$1.25 million in March and February. Before that, \$1.15 million was paid in September 1987 — about a month before the stock market crashed.

Owning a NYSE seat confers membership, giving the holder the right to trade stocks and vote in exchange meetings. There are 1,366 seats on the NYSE, a number fixed since 1953. Yesterday's price reflects the stock market rally that saw the Dow Jones industrial average rise about 43 per cent since the start of 1995. The exchange does not release the names of buyers and sellers. — Bloomberg

French connection

VODAFONE Group said it raised its stake in Société Française du Radiotéléphone, a French mobile phone company, to 16.5 per cent from 10 per cent. The transaction is valued at FR2.3 billion (228 million). On July 29, Vodafone will pay about FR1.4 billion in cash and will make a further cash payment of FR487.4 million on July 23, 2001. The raised stake in SFR will give Vodafone the option to increase its holding in SFR to up to 30 per cent by the end of next year at the same per-share price.

"Our strategy is to increase our overseas shareholdings wherever possible," Gerald Whent, chief executive of Vodafone, said in a statement. — Bloomberg

Young save for future

ALMOST half of UK teenagers are planning ahead by saving more than they spend, according to a survey published today by the Halifax Building Society. It says that thrift is fashionable for 43 per cent of all 16/17-year-olds, up from 28 per cent last year. Teenagers can hope for an average £10.85 pocket money from their parents. Young Halifax savers will receive a bonus worth 10 per cent of their balance when the society becomes a bank early next year. — Cliff Jones

Gummer admits delay

ENVIRONMENT Secretary John Gummer yesterday admitted that the Government was still not ready to publish regulations on the recycling of packaging which are required by the European Union Packaging Directive to be in place by the end of next month. After years of negotiations, industry representatives have agreed how the total recycling obligation will be divided between four sectors of the packaging chain, with just under half being met by retailers. But Sir Peter Parker has been asked to chair an advisory committee which will try to hammer out detailed regulations. Mr Gummer said he hoped to publish the draft regulations "in the near future". — Roger Cowie

MAID visits hotel rooms

SHARES of MAID, the online information services group, jumped 28p to 245p yesterday after the company announced it had won a contract to provide online business information to Granada's 355 Forte hotels. Under the terms of the deal, MAID will provide guests at the hotels with business information on the internet, enabling them to access the information from their hotel room. — Ian King

Business park planned

UP TO 4,000 jobs could be created in south Manchester over the next decade with the development of a 49-acre business park at Wythenshawe, joint developers Manchester City Council and Arlington Securities said yesterday. Their pooled land holdings will form Manchester Airport Business Park, with the aim of attracting leading companies in the computer, electronics and light manufacturing sectors to the airport's international doorstep. Graham Stringer, council leader, said aims included maximising local job opportunities. — Maryn Holsall



Police patrol... a policeman at Barh in Bihar state keeps an eye out for violence during India's general election

PHOTOGRAPH: JOHN MOORE

India sells itself to the market

OUTLOOK/Suzanne Goldenberg reports on how the prospects for the poor might improve with inward investment

In a village on the eastern edges of India, where the lives of the poor have only a passing acquaintance with the 20th century, Leelo Prasad Yadav was rattling off the names of foreign countries like an incantation. "I have been to Singapore, to the United States and to the UK," India's most charismatic peasant leader and chief minister of India's second largest state told the sea of expectant faces. And everywhere he went, Mr Yadav said, he found business people eager to invest in his native Bihar. He had travelled far and wide, he said, and this would assure their prosperity. The crowd cheered. But, given the level of corruption and lawlessness in Bihar, the fact is that nobody is investing there.

Like Mr Yadav, or Laloo as he is universally known, most of the people in Saimari village belong to poor, peasant families. The literacy rate among men here is barely 25 per cent, and Mohammed Akerasool, a teacher at the local college, said his daughters are the only women in the village of 15,000 to progress beyond primary school. But it is a measure of the broad acceptability of the market reforms which India introduced in 1991 that Mr Yadav had to pay tribute to foreign investment, even in places so remote that liberalisation has had little impact. India's reform programme has remained in the back-ground in the campaign for general elections, where voting in all but a handful of seats wound up yesterday. While there is concern in the local as well as the international community that the coalition government which is expected to emerge by mid-May may be too weak or too unstable to push through reforms, it is generally acknowledged that India will never return to the licence

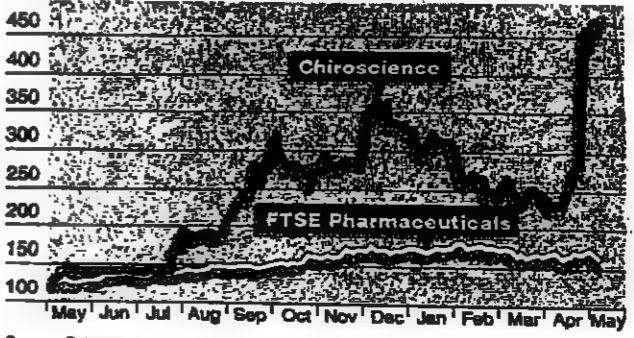
cast to win the most seats — though that is no guarantee it will be able to form a government — has said it is in favour of foreign investment in infrastructure and hi-tech industries. While the Communist Party of India (Marxist) has called for the rolling back of reforms, West Bengal, where it holds power, has been aggressively pursuing foreign investment. LIKE his counterparts in other Indian states, the communist chief minister of West Bengal, Jyoti Basu, has travelled to the West to seek investment. The loosening of central economic controls and the rise of regional parties in India means that power will continue to matter what government comes to power in New Delhi. However, there is opposition to the entry of multinationals in the consumer goods sphere. This has united Hindu extremists, the left and environmentalists in the self-reliance movement. BJP extremists have been at the forefront of the occasionally violent campaigns against the entry of multinationals, including the seeking of the first Kentucky Fried Chicken franchise at Bangalore in January. However, the restaurant has re-opened, and is doing a roaring business under armed guard, and a spokesman for KFC said it was looking for space to open a second outlet in the city. And the western states of Maharashtra, where the BJP is part of the governing coalition, and of Gujarat, where it rules in its own right, have been quick to open up to investors. While Maharashtra scrapped a \$2.9 billion power project by the US firm Euron Development last summer, it renegotiated the deal on more advantageous terms. Since then, the southern state of Karnataka has smoothly

Lloyd's may fail solvency test

LOYD'S, the insurance market beset by litigious Names and horrendous losses, might fail government solvency tests later this year, according to figures contained in the insurance market's 1995 annual report published yesterday. The report shows that Lloyd's central fund contained just over £540 million at the end of December. Lloyd's can earmark its central resources to allow the Names to pass their Department of Trade and Industry solvency tests. But the sum of money earmarked in the latest report was double the central fund at about £1 billion. A Lloyd's spokesman said he was confident that Lloyd's would pass the solvency tests when they are carried out in August. He said that the report's figures were already out of date. If there was still a shortfall in August, it would be met by allowing Lloyd's to add in its net assets. This would include the market's famous futuristic Lime Street headquarters which Lloyd's still owned at the end of 1995, although it was sold in February. The spokesman said that the financial pressure on Lloyd's would be significantly relaxed if the settlement deal

Chiroscience on the up

around £1 billion, rather than the £1.9 billion initially feared. Lloyd's efforts to persuade the Names to accept the deal were boosted yesterday by a High Court ruling which said the market did have the right to force Names to pay claims which had been paid on their behalf by the central fund. A Lloyd's spokesman said he hoped the ruling would encourage Names to accept the deal. He warned that those who rejected it would be pursued for payment. However, a spokesman for the 2,500-strong Write Response Group, which sponsored the case, said the ruling would be appealed.



Big spender to inject £40m more

TONY MAY examines a star of Britain's emerging biotech sector. CHIROSCIENCE, one of a handful of fledgling biotechnology companies which have soared in value on an enthused stock market, yesterday sought to secure finance for the next three years by asking for £40 million from shareholders. The share issue, which was signalled last month, will give shareholders the right to buy one share at 410p for every seven held. About 10.3 million new shares will be sold. Noting the rocketing value of the sector leader, British Biotech, over four years, investors have piled into other shares in the sector and the British industry is now second only to the US in size. News of the fundraising sent Chiroscience shares up 7.7 per cent to 490p, a gain of 35p a share, amid a general rise in biotechnology stocks. John Padfield, the chief executive, said that the company was spending £1 million a month on drug development, but that the new cash might be the last it needed to raise before its products started to hit the market. Mr Padfield said that the European biotechnology sector was full of loss-making firms, each racing products to market before their development cash ran out. "There is nothing worse than having only three to six months' money. It places companies at a disadvantage when negotiating with larger pharmaceutical companies," he said. Chiroscience is focusing on "chiral" drug development, purified versions of established drugs, and other products. Chiroscience — whose losses rose from £3.3 million to £11.6 million in the year to the end of February — needs to increase its monthly expenditure to cover commitments to its levobupivacaine local anaesthetic. The group also announced the £5.5 million acquisition of a pilot-scale development facility from Merck of Germany which will help Chiroscience respond more quickly and effectively to the requirements of its clinical trials.

Stanley Leisure to get Carter

STANLEY Leisure, the casino and betting shop operator, is expected to confirm later this week that it is buying Gus Carter, the struggling Sunderland-based bookmaker, for around £13 million. Liverpool-based Stanley, Britain's fourth biggest betting chain, remained tight-lipped yesterday after Gus Carter confirmed that negotiations were at an "advanced stage". The deal would give Stanley, which owns more than 400 betting shops across the country, a presence for the first time in the North-east, where Gus Carter owns 72 betting shops, and where the group is a household name. Gus Carter's fortunes have been nothing short of disastrous since its flotation in May last year. Like other bookmakers, Gus Carter has been hit hard by competition from the National Lottery, and particularly from the introduction of scratchcards. At the same time, punters have responded to the intro-



Only one winner... Bookies across the land paid out on Mark of Esteem as it took the 2000 Guineas at Newmarket on Saturday

Results

Table with columns for various horse races and their results, including names of horses and jockeys.

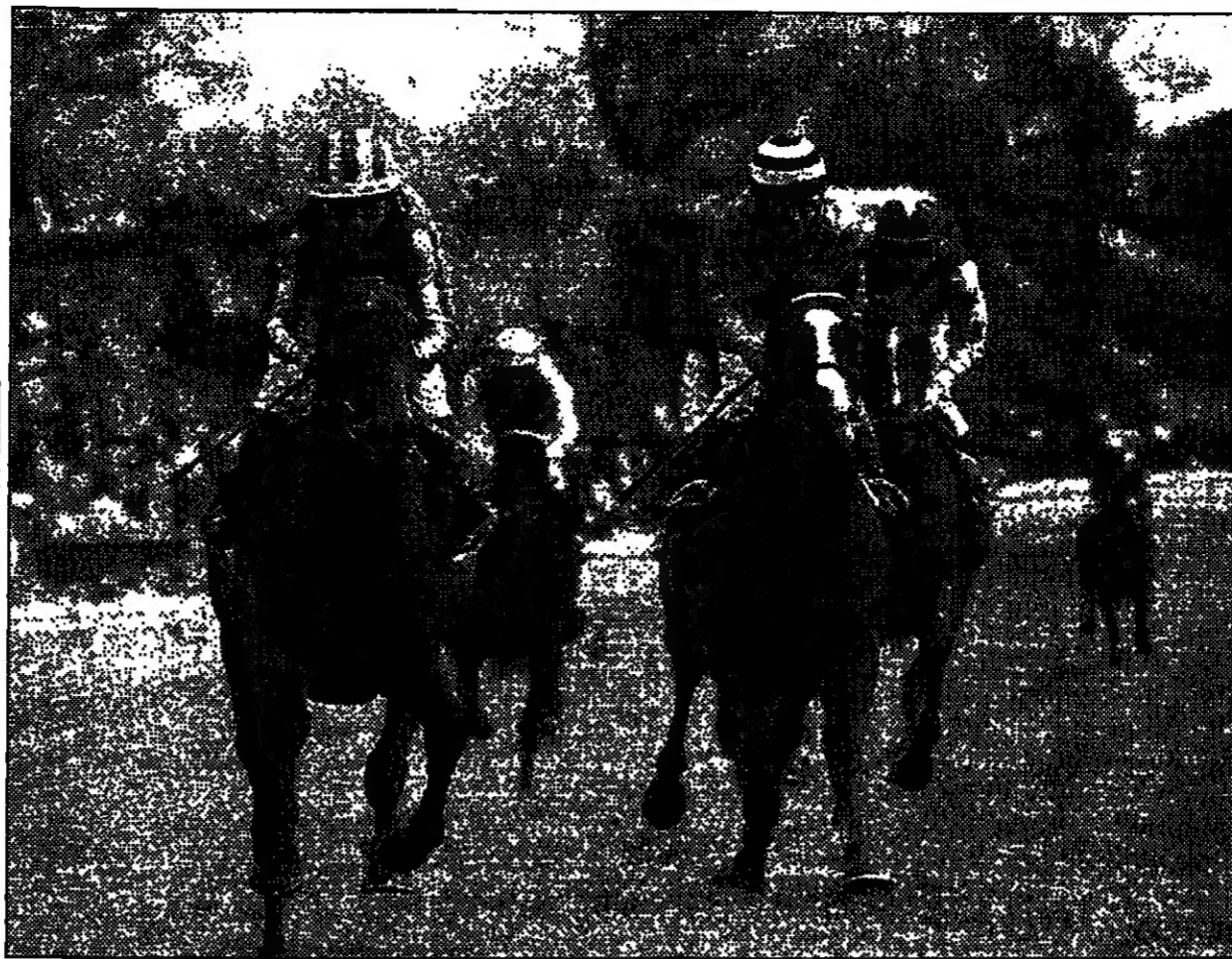
Racing

Baroque win gives House stylish boost

Chris Hewkins

PETER Chapple-Hyam to 5-1 joint favourite with Mark Of Esteem and Even Top in Hill's book following the eclipse of the early ante-post front-runners. This may seem a crazy price about a Newbury maiden winner but all will be revealed next week when the colt runs in the Dante Stakes at York.

Astor Place, a 20-1 chance for Epsom, will also run at the meeting, in the Michael Seely Stakes, while Heron Island, quoted at 25-1, is due to be tested in Saturday's Lingfield Derby Trial.



High note... High Baroque (left) has the measure of St Mawes in yesterday's Chester Vase

Sangster, is not entered for any Derby, but may be supplemented for the French and Irish versions. Sangster had earlier dismissed the idea of a "wild card" entry for the Derby, something which has been mooted as a possible future development, suggesting that owners who lacked the courage to enter their horses did not deserve to have their blushes saved. But he was not so sure after High Baroque's win.

Tabor, who also owns the 2,000 Guineas failure Danehill Dancer, had just returned from Louisville where he had seen his two runners finish well down the field in the Kentucky Derby. "I can't believe Danehill Dancer was so far behind those three on the stands rails in the Guineas," he said. "I reckon he must have been racing on much slower ground in the middle of the track but I've only seen the race on television."

Mark Johnston, trainer of 'I'de, is almost as mystified by the fact that neither Mark Of Esteem nor Even Top will be going for the Irish Guineas. "I can't understand it. They seem to be leaving it for me," said Johnston. "Bijou 'I'de has come out of the race well and definitely goes to Ireland."

Ayr runners and riders

Table listing horse racing results for Ayr, including race numbers, horse names, jockeys, and times.

Uttoxeter (N.H.) tonight

Table listing horse racing results for Uttoxeter, including race numbers, horse names, jockeys, and times.

Chepstow National Hunt programme

Table listing horse racing results for Chepstow National Hunt, including race numbers, horse names, jockeys, and times.

SPORTS NEWS 13

Chester with TV form

Table listing horse racing results for Chester, including race numbers, horse names, jockeys, and times.

Channel 4

Table listing horse racing results for Channel 4, including race numbers, horse names, jockeys, and times.

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Results

Table listing horse racing results for various tracks, including Chester, Newton Abbot, and others.

Wetherby (N.H.) card tonight

Table listing horse racing results for Wetherby, including race numbers, horse names, jockeys, and times.

Crest to come out top in Cup

FUJIYAMA CREST and Frankie Dettori look a formidable partnership in the Tote Chester Cup today, writes Ron Cox. A promising run at Ripon will have put Michael Stoute's progressive stayer just right for this, his first major objective of the season.

Results

Table listing horse racing results for various tracks, including Wetherby, Uttoxeter, and others.

RACELINE 0930 168+ CHESTER 101 201 202 102 201 103 203 104 204 WETHERBY 105 205 UTOXETER 106 206

Wetherby (N.H.) card tonight 6.00 Danes Mission 6.20 Three Wood's Wood 7.00 Ebor

Crest to come out top in Cup FUJIYAMA CREST and Frankie Dettori look a formidable partnership in the Tote Chester Cup today.

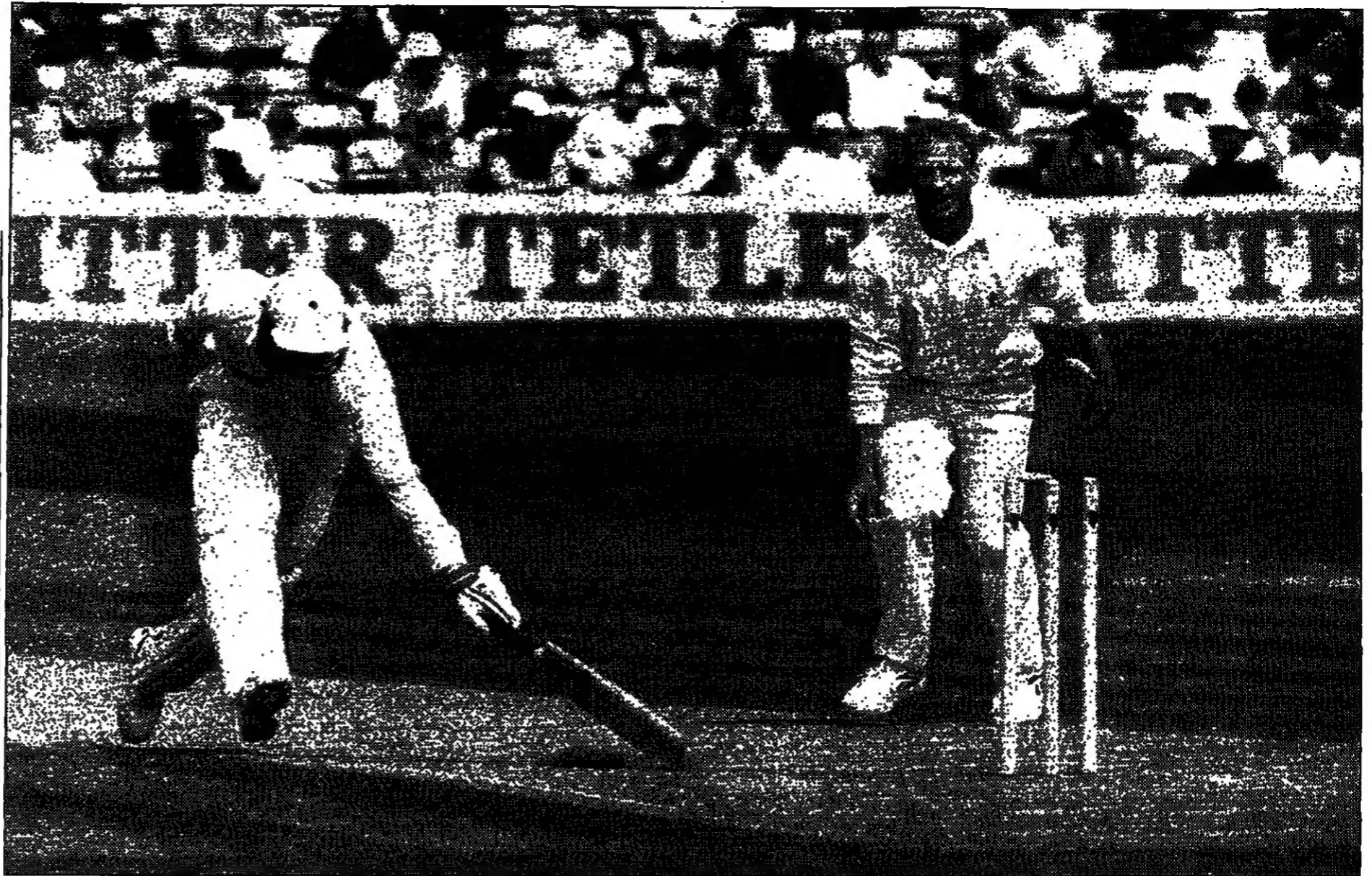
Results CHESTER 101 201 202 102 201 103 203 104 204 WETHERBY 105 205 UTOXETER 106 206

25 20 10 10 10

The Guardian Wednesday May 8 1996

Cricket Benson & Hedges Cup: Essex v Kent Patel jigs for victory

David Foot at Chelmsford MIN PATEL impishly squirted winning runs off Stuart Law with two balls remaining to give Kent their fourth victory in four B & H Cup matches...



Close-run thing... Fleming of Kent breaks the wicket to run out Grayson at Chelmsford yesterday, where Kent beat Essex by one wicket

PHOTOGRAPH: FRANK BARON

Northamptonshire v Nottinghamshire Sweet return for Ambrose

Mike Selvey at Northampton ONE WAY and another this has been an unusual few days for Northamptonshire...

with his left-arm swing, a competition best for him, and then Northants batted themselves out of trouble when it mattered...

Sussex v Surrey Brown blasts England hint

Paul Weaver at Hove DAVID LLOYD stroked his chin the way sagas do when asked whom he had come to watch here yesterday...

Brown's cause for some time and now his protégé could replace him in the England side for the one-day internationals against India...

Leicestershire v Lancashire Fairbrother and Speak set up possible final in advance

David Hopps at Grace Road LANCASHIRE and Warwickshire, the winners of last season's two domestic finals...

trapped in front by Mills three overs later. Whitaker, the Leicestershire captain, prolonged his new-ball attack as long as possible...

Maynard runs true to form

MATTHEW Maynard continued to impress as Glamorgan's new captain yesterday when his 151 not out against Middlesex...

Scoreboard

Table containing cricket scores for Benson & Hedges Cup, Essex v Kent, and other matches.

INLAND

Table containing cricket scores for various matches including Warwickshire v Derbyshire, Leicestershire v Lancashire, and others.

WARWICKSHIRE v DERBYSHIRE

Table containing cricket scores for Warwickshire v Derbyshire.

Boxing

For £10 million Tyson can fight Seldon first, says Lewis and Bruce Seldon must sign in blood...

Devon Malcolm conceded 54 runs in only five overs as Warwickshire lost two wickets in reaching their target of 194.

Ireland were demolished by Gloucestershire, who will reach the quarter-finals if they beat Hampshire.

Leicestershire v Lancashire: Leicestershire won by eight wickets.

Warwickshire v Derbyshire: Warwickshire won by eight wickets.

Advertisement for EUROPE UNITED featuring a list of names and contact information for a football event.

Anderton back in England reckoning, page 14
Thomas strikes out for Munich, page 14

Rugby prepares for clash of codes, page 14
Kent scrape through in B&H thriller, page 15

SportsGuardian

QUINNELL AND CLARKE TOP THE BILL ON THE FIRST DAY OF THE OPEN SEASON

Robert Armstrong sees the ambitious London rugby union club parade five new high-profile signings from both codes

Richmond start price war

RICHMOND have become the first rugby union club in England to enter the league transfer market with their signing of Wigan's Scott Quinnell and Jim Fallon of Leeds.

The London club, who last month won promotion to Courage League Two, will pay Wigan £300,000 for the 23-year-old Quinnell and Leeds will receive about £40,000 for Fallon, who at 30 faces a shorter professional career.

The pair were paraded with the England internationals Ben Clarke and Richard West and the England A prop Darren Crompton — the latest crop of high-profile signings announced by Richmond — at the Café Royal yesterday.

Richmond, boosted by a £25 million cash injection from the businessman Ashley Levett, have now recruited the internationals for next season's promotion campaign, including the Wales half-backs Andy Moore and Adrian Davies, who were acquired three weeks ago.

Other leading rugby league players such as Scott Gibbs of St Helens and Wigan's Va'anga Tuigamala have also been targeted by Richmond's ambitious chief executive Symon Elliott.

Elliott, who will budget for a wage bill of £700,000 next season, said: "Rugby union has entered an open era and I anticipate a transfer market involving the better players will develop over the next few seasons. Everybody we have signed will be on long-term contracts but some players who come back to union may well play both codes as professional rugby players."



High five... Ben Clarke, Scott Quinnell, Jim Fallon, Richard West and Adrian Davies line up for Richmond yesterday

Quinnell, who switched from Llanelli to Wigan only two years ago, is understood to be on a five-year contract worth £120,000 a season; Clarke, who will be the Richmond captain, will earn £100,000 a year over the same period. Moore and Davies £85,000 a year and West, Crompton and Fallon between £40,000 and £50,000. First-team players already with Richmond, all of whom are contracted for next season, will receive substantially less.

"I am impressed by Richmond's long-term commitment and the talent of the players they have signed," said Quinnell, whose Wigan contract still has eight weeks to run. The former Wales No. 8, who helped win the Five Nations trophy in 1994, will be in line for an international comeback next autumn, though his long-term career will depend on Richmond winning promotion to League One in a year's time.

Clarke, who is 28, admitted he had spoken to the England manager Jack Rowell about his move from Bath without encountering any objection. "I have every intention of continuing to play for England and I don't think switching to Richmond will jeopardise that," said the England and 1993 Lions flanker. "I have no doubt it will be very hard to get out of League Two but we have a strong squad of players and, if we can play rugby like you see in the Super 12, that will be great."

Bath will go on attracting good players because of their unrivalled record in winning trophies, Clarke forecast. He

added that he was leaving them "with happy memories". However, Clarke accepted the likelihood that his own performance with Richmond would come under intense critical scrutiny because of his lucrative contract. "It has been like that already [with England] this season," he explained.

Fallon, another Bath player who won England B caps in the early Nineties, said a number of former union players who had gone to league were hoping to return to the 15-man game.

"I think some of them would like to play both league and union at different times of the year, if that could be arranged," he said. Fallon, a powerful union wing, is probably a little too old to attract the interest of Rowell, his old Bath coach.

John Kingston, the Richmond coach who has been appointed director of rugby, underlined the club's plans to persevere with the type of at-

tractive football that earned them 1,100 points in 32 games this season. "We haven't received one yellow card and we gave value for money whenever we played," declared Kingston, who expects a full house at Richmond's first home game next September.

Elliott made it clear that in

the current dispute between the leading clubs and the Rugby Football Union, Richmond would support RFU policy decisions, notwithstanding their membership of the English Professional Rugby Union Clubs. "We want to be the premier rugby union club in Britain and a major international force in the game."

Scotland's international players are to receive loyalty payments next season in an attempt to halt a drift south that continued when the wing Craig Jolmer, capped 16 times, left Melrose for Leicester. He was paraded by the Tigers yesterday alongside the England A scrum-half Austin Healey, fresh from Orrell.

Gibbs and Tuigamala look the next prime targets

SCOTT QUINNELL'S departure to Richmond represents a considerable blow for rugby league. The code must, however, expect to suffer further losses in the free market, writes Paul Fitzpatrick.

The Welsh and Western Samoan centres Scott Gibbs and Va'anga Tuigamala would probably be the two prime targets for rugby union as it attempts to reclaim young, outstanding players who have made a

success of the switch to league.

Iestyn Harris, though brought up in league, would also be at the top of many union clubs' shopping lists, particularly in Wales where he made such an impression with the Welsh rugby league World Cup side last year.

But if these players make the switch they will cost rugby union a lot of money. Gibbs signed a five-year St Helens contract in 1994,

Tuigamala is only halfway through a 4½-year contract with Wigan and the 15-year-old Harris signed a new four-year deal with Warrington last August.

Most players targeted so far by union are former union players but Bobbie Goulding, the scrum-half and captain of St Helens, has been linked with Orrell and Francis Cummins, the young Leeds centre or full-back, has interested Newcastle.

The Worm turns up the hype



Ian Katz

FIFTY PER CENT OF life in the NBA is sex," declares Dennis Rodman in his new autobiography *Bad As I Wanna Be*. "The other 50 per cent is money." Judging from his X-rated account of life in professional basketball, it would be difficult to quibble with the maths.

Aply nicknamed The Worm, the odd-looking 34-year-old represents the *reductio ad absurdum* of America's celebrity-obsessed culture. To the uninitiated eye, his performance on the court seems unremarkable: he does not reach up 30 points a game like Michael Jordan or slam dunk like Shaquille O'Neal. From the free-throw line he can barely sink one in two shots.

Yet Rodman is one of the biggest stars of a star-studded league, arguably the biggest after Jordan and O'Neal. Barely a month goes by without his scantily clad body gracing the cover of some magazine, barely a week without him making the headlines.

His extraordinary celebrity rests on two pillars. The first is a shameless determination to court attention. There is scarcely an inch of his 6ft 5in bulk that is not covered by a tattoo, or body part that has not been pierced. A season or two ago he struck on the idea of dyeing his hair — a different colour for every game.

When his appearance ceased to shock, Rodman turned to sex. He had a torrid and very public affair with Madonna; he took journalists on gambling binges; he revealed an enthusiasm for cross-dressing; he declared his intention to play a game stark naked; he bought a pink Harley Davidson.

Even in America, being the "baddest" player in the game would not have been enough, however. To be as big as Dennis Rodman, an athlete needs some claim to sporting excellence. Rodman found his in the specialised art of "rebounding", or grabbing missed shots as they bounce off the backboard or basket. He is, quite simply, the best rebounder in the NBA, perhaps the best of all time. He routinely catches 20 rebounds a game, double the number

that would be considered healthy for any other player. Rebounding was traditionally considered an unglamorous aspect of the game, a labour-intensive, physical sideline for the big men whose primary function was to score points.

But, by abandoning almost every other aspect of his game, Rodman has turned it into a science. He instantly calculates the likely trajectory of any ricochet, rising as though on a pogo stick and kicking his legs with child-like glee as he grabs the ball.

Anyone who doubted the value of his rebounding skills was silenced by his impact on the Chicago Bulls after joining them this season. Though the return of a fully conditioned Jordan doubtless had something to do with it, it was, to a large extent, the addition of Rodman that turned a mediocre side into the silky machine that garnered a record 72 wins.

But, just as he helped create the Bulls' aura of invincibility, Chicago's championship rivals are hoping he may yet destroy it. For as much a part of the Rodman myth as the hair and tattoos is The Problem With Authority.

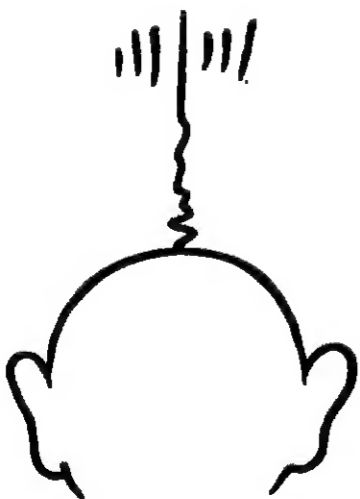
LAST year the championship hopes of the San Antonio Spurs, the best evapotranspired as Rodman was suspended for "insubordination" during the play-offs. The Spurs were so keen to get shot of Rodman that they traded him for Will Perdue, "a guy", as The Worm diplomatically puts it in his autobiography, "with no game."

Invoking the quiet authority of Jordan, the Bulls somehow tamed Rodman for much of the season. But in March he earned a six-game suspension for butting a referee, and the Bulls coach Phil Jackson began to look worried. When Rodman was ejected from the first game of the Bulls' playoff series against Miami, their rivals dared to hope: could he be a time bomb at the heart of the greatest ever team?

Since then, however, The Worm has confined his rebellious urges to his literary endeavours. To no one's surprise, the cover of his autobiography features the author naked on a Harley Davidson.

The tome was instantly mined for such insights as Madonna "wasn't an acrobat, but she wasn't a dead fish either". But the proper conclusion of the Rodman story is not, as he claims, that half about catnip. The rise and fall of The Worm proves it is 99 per cent about hype.

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Birmingham sack Fry

Martin Thorpe

BARRY FRY yesterday completed his most surprising transfer, from the post of Birmingham City manager to the dols queue. Sacked at noon, he reacted with characteristic humour. "Kristine is out shopping as usual," said his answerphone message, "and I've gone to the job centre looking for employment. Funny old game, innit?"

Indeed it is. On Sunday Birmingham's owner David Sullivan had said: "We will start the season with Barry Fry as manager."

So no wonder there was some embarrassment from Sullivan in announcing Fry's sudden departure. "We are desperately sorry changes had to be made," he said.

"It's heart-breaking because Barry is such a lovely, lovely person and he's worked very hard for the club. But we want to be in the Premiership next year and we feel the probability of that is higher with a new manager."

Francis are favourites, while others mentioned include Walsall's Chris Nicholl and Charlton's Alan Curshley.

Along with buying 61 players for £7.5 million during his 30 months in charge, Fry found success in a short time. In 1994-95 City were Second Division champions and won the Auto Windscreens Shield. This season they were Coca-Cola Cup semi-finalists and were third in the First Division on Boxing Day.

But their slump to finish 18th was enough to get Fry the sack. "Since Christmas our form was that of a relegation team," said Sullivan. He added that "a large number of the crowd" wanted a change.

Fry had become isolated in March when two of his coaches were sacked for indiscipline, and they got upset when the board decided to appoint Dave Sexton as a coach against his wishes.

To soften the blow of the sack, Fry gets a £150,000 pay-off. "Barry is a very attractive prospect for clubs like Notts County or Luton," Sullivan said.



Fry... 'funny old game'

My first visit was in 1990, when Bernardo Bertolucci invited me to be on the jury. The jury members are distributed among the hotels along the Croisette and Mira Nair, the Indian director, and I were given the hotel furthest away from the Palais du Cinema ("Wogs and writers" was her plausible explanation).

Guardian Crossword No 20,647

Set by Araucaria

1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24
25	26	27	28	29	30	31	32

- Across**
- 1 Crab will reach river in less than ten years (7)
 - 5 Downed in favour? Not quite (7)
 - 9 Starting to go on horses or lions (5)
 - 10 A zither playing without the backing of musical leaders — common complaint (8)
 - 11 Streetcar role subtly changed (7-3)
 - 12 See 8
 - 14 Feeling about brother or sister being 12 (11)
 - 18 Accidental part of speech incomplete in meaning (11)
 - 21 What's on hand is hit on head (4)
 - 22 League formed by her and me, squilly in scene of revelry? (5,5)
 - 25 The Spanish are into the gurn: Italians begin with pasta (9)
- Down**
- 1 Representative's obligation about letter (5)
 - 2 Revolutionary in whom I leave a flea (5)
 - 3 Quiet and keeping oneself to oneself, making something impossible (10)
 - 4 Catholic in time for 9 (5)
 - 5 Return of the setter (French) in money given for 23 24 (8)
 - 6, 12 Swindler with antique ran wild (8)
 - 7 No relief from toiling with a novel (6)
 - 8 Idle moments make up Spooner's flower poems (4,4)

1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24
25	26	27	28	29	30	31	32

- CROSSWORD SOLUTION 20,646**
- 13 Two little boys on the wrong side are picked on (10)
 - 15 No right has the queen to love a saint, as far as compass points? (8)
 - 16 Second pub with a clear majority for compass (8)
 - 17 Scotsman in French river for 14 (8)
 - 19 River rising with gold for 26 (8)
 - 20 Behind a grave? (8)
 - 23, 24 Queen for 5 down (8)
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Handwritten Arabic text at the bottom of the page.